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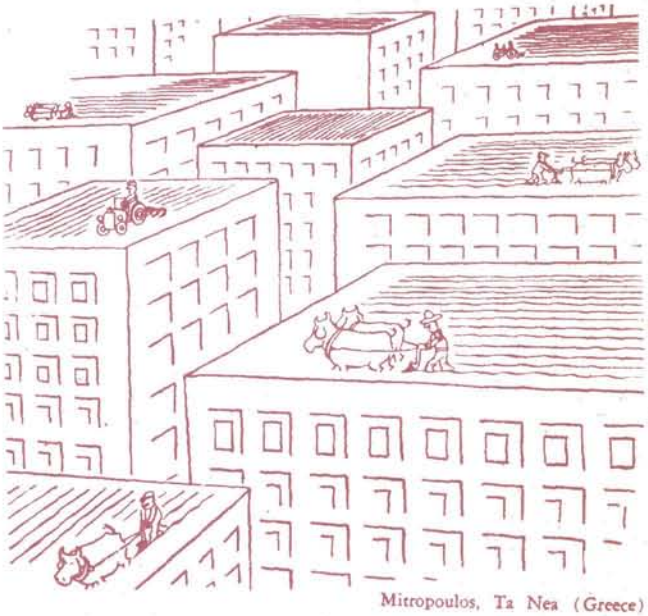

Mitropoulos, Ta Nea (Greece)

RONALD B. TAYLOR

In the Shade of the FDIC

TAX-SHELTER FARMERS

Israel at Hazard

Between Survival and Solvency / Ernst Pawel

The Prospect With Peres / David Caploe

Figures Don't Lie, But . . .

AUDITING THE AUDITORS

JOHN THACKRAY

Leon Kirchner's I

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LETTERS

will to forget

San Francisco, Calif.
Your editorial, "Monsters in Our Footsteps," together with Marilyn Young's review of *Winners and Losers* by Gloria Emerson, in the same issue [Apr. 2], are the sagest pieces I've read about postwar Southeast Asia and the American will to shirk responsibility. In the current mood, the major amnesty is the forgetting of our own war criminality. We should know from Freud what becomes of the repressed; it returns, nastier than ever. *Todd Gitlin*

McGovern's approach

Washington, D.C.
Hugh Gardner's article, "South Dakota's Water Showdown" [*The Nation*, Apr. 16], masquerades as an analysis of South Dakota's Oahe Irrigation Project. It is, in fact, little more than a personal attack on Sen. George McGovern.

George McGovern and I do not share identical views on the Oahe Project. But my respect for his position, and his consistent integrity in advocating that position, is well-known.

Gardner's simple-minded implication that McGovern has lost touch with the people of his state because he cannot forget the dust bowl days of his youth is amateuristic analysis unworthy of your publication. Oahe is, in fact, a hotly debated, difficult and very close question which divides knowledgeable people in our state down the middle.

McGovern's approach to this issue has been characteristically thoughtful and honest. Whether on Vietnam, on hunger or on Oahe, McGovern has always advocated what he believes. Over the years this advocacy has not always won him friends but it has won him respect.

I wholly disagree with Mr. Gardner's characterization of McGovern's role in the Oahe dispute. That role has been legitimate, well-reasoned and skillful. It is in fact the skill of McGovern's advocacy, and the advocacy of former Under Secretary Ken Holum, that has provoked the anger of his opponents and spawned the thoughtlessly emotional attacks that Gardner has parroted in his unfortunate article. *James Abourezk, United States Senate*

Israel—pro or anti

Joliet, Ill.
Steve Israel's attack on me in the letters column [Mar. 26], was interesting, since he obviously doesn't know what I believe or how American Jews treat other Jews who dare suggest there is "right and wrong on both sides," as he recommends I should.

I don't have a moral obligation to support a government that collaborates with racist South Africa, not only economically but militarily, as Israel does. They also support Chile; am I to condone that? Must I close my eyes to the actions of Israel in the occupied territories? Need I find administrative detention, severe torture, confiscation of property, illegal settlements, etc., acceptable? Must I exempt Israel from respecting human rights or pretend that the Palestinian people don't exist?

Since I have never believed in "My country right or wrong" where the United States is concerned, why must I believe it about Israel? Mr. Israel's plea to: "Please, let all of us who want a just solution put down the defensive guards of our unworthy caricatures and talk to, not at, each other," should be directed toward American Jews who attack Breira—not toward me! *Phyllis Roa*

The editors welcome letters from readers but regret that space limitations often prevent publication of those of more than 250 words.

EDITORIALS

Carter Bears Right

President Carter is a very decisive man. Even when he changes his mind, he does it decisively. After 100-plus days in office it is clear that his basic decisions on matters of social policy all go in a conservative direction.

What he has done, or proposed to do with the acquiescence of Congress, in these early days of his Presidency, is far more conservative than what he promised during his long campaign for that office. This rightward drift was extraordinarily apparent in his session on May 2 with the Congressional leadership. House Minority Leader Rhodes hailed the Carter statement of his priorities at that meeting with the remark that it "sounds so Republican I'm overwhelmed." This strongly conservative Arizona Congressman was obviously delighted with Carter's emphasis on his top-priority goal of balancing the federal budget by 1981.

"I admire his optimism," declared House Speaker O'Neill. Translated from the parlance of inter-branch politeness, that meant "no way." Senate Majority Leader Byrd put the same twist on the budget-balancing act, sweetening it a bit with the term "attainable."

The headlines of the past several days fight one another on the drift of Carter's domestic policy. "Senate Votes $20 Billion for Economic Stimulus" comes a couple of weeks after "$50 Tax Rebate Dead," with the subhead "Wall Street Delighted." The country should worry when Wall Street is pleased. The evidence is mounting that Carter is serious in his courtship of "business confidence." The Dow Jones average bows from the waist as it hops up the ladder.

Out pops the welfare "reform" program, on schedule as promised. It will "scrap" the present clumsy system and give us a "totally new" one—in 1981. The old liberal dream of having the federal government assume the inequitably shared burdens of welfare is off in the dim future. "As rapidly as federal resources permit," says the President's message, "the unpredictable and growing financial burden on state and local governments should be reduced." No faster than that.

In Carter's own house the conservative drawl is resounding on economic questions. Bert Lance, the Atlanta banker who heads the Office of Management and Budget, apparently led the fight to scrap the tax rebate on the ground that the economy was bouncing back and had no need of that stimulus. There are still nearer 8 million than 7 million unemployed, but the Lance philosophy is, as he puts it, "if it ain't broke, don't fix it." That works perhaps for things that are unbroken, but not so well for people who are "broke."

Two conservative pipe smokers, Arthur Burns of the Federal Reserve and James Schlesinger from all over, have replaced the relatively liberal economists like Lawrence Klein and Jerry Jasinowski who had Carter's ear during his campaign. The energy crisis program, last month's urgency, has not much more visibility than the tar balls floating on the rough North Sea near Platform Bravo, finally capped.

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Carter could claim with some truth that this urgency gap is the fault of Congress' stately procedures, not of the White House's short attention span, but the program itself, in all its complexity, is at least partly to blame. Again, it is a very conservative plan, in the political as against the conservationist sense. In the words of James Flug of the Energy Action Coalition, it "preserves and expands windfall profits and monopoly power [of the energy industry]."

Closer examination of this still incomplete plan strengthens the view that pricing inequities are built into it and that mass transit is at best a side effect. Only a conspicuously equitable program could have a chance of beating back the "special interests" Carter correctly predicted would have at it as it wound its way through the Congressional maze. The people are not going to importune Congress to pass laws that will make their lives more difficult while easing the lot of the oil companies.

On the matter of jobs and welfare, the most "revolutionary" part of the welfare scrapping-and-renewing proposal was the commitment to guarantee jobs to families with children. There was confusion in the administration, however, on how many might be affected by that promise (to be "implemented" four years from now). Carter himself put the figure at 2 million, but his Secretary of Labor later said that 1 million was more like it. It makes one wonder who in the government knows what and how deep that commitment really is.

Secretary of Health, Education and Welfare Califano said at the press briefing on the welfare plan that, as *The New York Times* put it, "most people receiving federal assistance are simply unable to work even if jobs are available." Thus he gave the lie once again to the old canard about "welfare cheats," which the right wingers would have us believe are everywhere. But the last few lines of *The Washington Post*'s account read chillingly: "Califano said that a system of penalties and incentives would be used to encourage welfare recipients to take jobs. A large proportion of welfare consists of women with children. Califano said no decision had been reached on whether to require mothers of young children to take jobs." (There is therefore nothing in the plan about the thousands of day-care centers that would require.)

To this depressing account of Carter's rightward drift one must add the elements of confusion, compounded by secrecy, in his administration. Two days before the President announced the death of the $50 tax rebate, his Secretary of Labor, Ray Marshall, was out beating the drum for what he called in a speech in Michigan on April 12 "an important part of the entire Economic Stimulus Package" which "the President is continuing to support . . . because he and the rest of the administration believe that they are needed." The egg on Marshall's face two days later could hardly have covered the blush.

Secretary of Transportation Brock Adams, who might have had some interest in the matter, admits that he had no idea of the contents of the energy package until he saw it unwrapped in the newspapers. It may please Carter's loyal supporters to recall his pledge to make his administration the most open ever, but at least two Cabinet members will now whistle as they pass that graveyard.

A final note on the confusion in the government has to

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do with the relations of President and Congress. It seems certain, after that May 2nd meeting of Carter and the leaders of Congress, that neither branch has a clue to the budgeting habits of the other. Speaking of the recent, laboriously put together Congressional budgeting machinery, Speaker O'Neill came out of that session declaring with disbelief that "the Cabinet members had no idea what the budget process was."

That essential gadget, enabling Congress to add up the cost of all its appropriations and fit them into some general framework of policy priorities, went badly out of kilter during the vote on the Carter budget. The budget resolution failed to pass in the House after $2 billion had been cut from the Defense appropriation recommended by the President and a stop-go lobbying effort by the administration revived the old Southern Democratic-Republican coalition and put it in its familiar negative stance long enough to block passage.

It was a bad but not fatal failure of leadership by the President that caused this to happen. His own Cabinet is not yet under his effective control. As for his relations with Congress, there has been no honeymoon and the partners in that marriage are beginning to quarrel. He has yet to face the stubborn old chairmen of the key committees that will settle the fate of all the ambitious legislation he is laying on their tables.

The disposition of Congress is certainly more conservative on social issues than the campaign positions of Mr. Carter. Unfortunately, as President he seems to be beating a retreat in their direction even while losing the first skirmishes. He will gain nothing politically if he goes on this way, and the retreat will become a rout. Only the special interests he claims he is fighting would gain in that event. The country and its general welfare would suffer from it, with the least advantaged as usual bearing most of the burden.

Small-Town Moxie

The story in *The New York Times* of April 22 about this year's winner of the Pulitzer Prize for public service had a certain charm. That imposing newspaper's Deirdre Carmody made the most of how *The Lufkin* (Texas) *News* (circulation 13,000), won the gold medal, beating out all its big, pompous rivals. The *News* did it through the combined efforts of a cub reporter out of Brooklyn via Miami who said he now must learn to write, and an editor who had to learn Brooklynese to communicate with his star cub (there was "a conflict of accents," he said, recalling that the young reporter, having taken the story on the phone, once wrote of a "tar salesman" who in fact sold tires).

Part of the story's appeal was that it gave the impression that a fighting editor of an independent small-town paper, skillfully using a hard-driving reporter, had routed the United States Marines. (The *News*'s prize-winning series was about shabby recruiting practices which led to the death in training of a local youth whom the Marines should never have accepted.) The great old days when hard-bitten local editors had no fears and gave no favors, as the legend goes, seemed to be revived by the feat of *The Lufkin News*.

It turns out, though, that *The Lufkin News* isn't independent at all, having lost that hallowed quality when it was bought by the Cox chain last year. It is just the smallest organ in a chain of eighteen newspapers. There is nothing unusual about that. The chaining of America's newspapers is going ahead as fast as lawyers and financiers can hammer together new links. As the scholarly Ben H. Bagdikian points out in the March-April *Columbia Journalism Review*, the Internal Revenue Code actually fosters enchainments by giving papers a tax break if they squirrel money away to buy other papers; they call this boost to monopoly a "necessary cost of doing business."

The process has gone so far that, like much of the rest of the conglomeratized economy of this country, it is probably irreversible. But we can still deplore the concentration of ownership in journalism even if we can't wish it away. Two generations ago, in 1920, 700 American cities had competing newspapers—there are fewer than fifty now. In 1930 chains owned only 16 percent of the papers—now it is 60 percent. Cross-ownership of papers and broadcasting is extensive and dozens of towns have to put up with only one source of both print and video signals. Monopoly newspapers are immensely profitable, as was noted by the Australian press lord Rupert Murdoch, who lately gobbled New York City's only evening paper, when he hailed them in the seductive phrase "a license to steal money forever."

As chains go, Cox is a relative piker, its total circulation of 1.2 million being far behind those of Knight-Ridder and Newhouse, each with more than 3.5 million reader/consumers in its pocket. Cox didn't add much to its girth when it swallowed *The Lufkin News*, but it subtracted something valuable, at least in the abstract—a locally owned journal.

Competition in journalism is getting as rare as hen's teeth, a cliché perhaps admissible here because of the way young Ken Herman, the Pulitzer winner from Lufkin, joked about his prize. He said he had the "horrible thought" that when he went to get his award he would find he was at the National Chicken Pluckers Association, and, instead of the gold medal, they would "hand me this chicken and say, 'Here's your pullet, sir.'" Young Mr. Herman should go far in journalism, whatever happens to that chain-plucked chicken, *The Lufkin News*.

Harry Bridges: Then and Now

Harry Bridges, at 75, has stepped down as president of the International Longshoremen's and Warehousemen's Union to a chorus of praise almost embarrassing in its unanimity. At a recent gathering of 350 civic leaders sponsored by the Catholic Maritime Club at the Mary Star of the Sea Auditorium in San Pedro, a top executive of the Pacific Maritime Association described him as "the single most powerful and stabilizing influence on the West Coast maritime industry. . . . You cannot do enough to honor this man who has never, never broken his word." And at this same meeting the head of the Los Angeles County Labor Federation referred to him as "the catalyst who really got labor started on the West Coast." It is splendid to have Bridges praised in this way; he deserves it, and it has been a long time coming.

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No labor leader was ever vilified as Bridges was in the 1930s. John L. Lewis had his share of detractors but Bridges made an even better target. He was an alien (citizenship came later, as a result of an epic legal battle), a Marxist, a "Red" who would not join in the prevailing anti-Soviet rituals. He was cocky, defiant, unapologetic, tough and very smart. After the general strike of 1934, the abuse became deafening. It became a media pastime; the cartoons were savage, the editorials shrill ("Bridges Must Go!"), the speeches harsh, the resolutions vindictive. When labor made substantial gains in the wake of the general strike and the adoption of the National Labor Relations Act, Bridges became a scapegoat for the accumulated anti-labor animus of the period. Attempts were made to deport him; special legislation was drafted to oust him. Murky and indecent frame-up plots were hatched by Red Squads, waterfront finks, and a small army of spies, informers and police agents operating in every West Coast port. Phones were tapped; rooms and offices were bugged. And this harassment, described by Justice Frank Murphy as a dismal case history of "man's inhumanity to man," went on for more than two decades. Yet today Bridges is honored as a civic leader, a labor statesman, and a distinguished citizen by individuals who not so many years ago would have enjoyed shipping him off to Tasmania in irons. What, then, has happened? Has he changed? Or have the times changed—or what?

The Harry Bridges of today seems to me very much the same person I knew in the 1930s. No doubt he has mellowed—it would be surprising if he hadn't—but he is still a tough bargainer and a superb tactician. He has always known when to advance, when to mark time, and when and how to beat a quick retreat under cover of a boldly proclaimed victory. The union opposition would probably contend that he has been too accommodating on the issue of automation and that this accounts for his new civic rating. Perhaps it does to some extent—the issue is complex—but it hardly explains the broad base of approval he has earned and I find it difficult to think of him as being "accommodating" in negotiations with employer organizations. He never hesitates to speak his own mind; he probably knows as much about the maritime industry, in all its complexity, as anyone in it. Consistently mindful of specific and immediate problems, he is not an ideologue and never has been, nor is he bewitched by utopias. As to his basic views, he is a Marxist, he holds a Socialist perspective, and he believes, as he always has, in fundamental change to be achieved by peaceful means; this has been his position as long as I have known him. The fat cats of organized labor have never liked him and they don't like him now; the ILWU, after being expelled from the CIO, has remained an independent union. So I would doubt that his commitments and values have changed a great deal from what they were when he was being so roundly abused.

Times have changed; the culture has changed; the industry has changed. But the key factor has been the realization that it was a net gain for the maritime industry, organized labor in general, and the people of the three West Coast states and Hawaii, when the ILWU under the leadership of Bridges replaced the company unionism and notoriously corrupt waterfront labor practices of the 1920s with honest, efficient, democratic trade unions. The public knows that the union has been a factor in increasing productivity and in stabilizing conditions in the industry. More: the union under Bridges brought about the remarkable upsurge of organized labor on the West Coast in the 1930s that has been recognized as a factor in the region's growth and prosperity. Bridges has not changed, but he is now seen for what he has always been, and not as his enemies once represented him to be. And of course he is much better known to far more people than he was in the 1930s; in fact he is today probably one of the best-known public figures in the three West Coast states. In brief, perceptions of him have changed. It is also possible that the post-Watergate atmosphere has made it possible for people to see Bridges in a new light. It is interesting to note that, as the reputations of such figures as J. Edgar Hoover, Joe McCarthy and Richard Nixon have dimmed, his has brightened. Today the West Coast public is prepared, for whatever reason, to concede that a Marxist, a Socialist and a friend of the Soviet Union—at least in some respects—can be a responsible trade union officer and a widely admired and respected civic leader.

But if the West Coast public's perception of Bridges has changed, George Meany's has not. The administration was obviously attempting to appease Meany when it excluded the three Soviet trade union delegates who had been invited to attend the Seattle convention of the ILWU. It was a perverse negation of "human rights" to deny these delegates a chance to see how unions operate in the West Coast ports. ILWU delegations have been hospitably received in the USSR and have returned with interesting reports. And why admit the Communist Mayor of an Italian city to be the guest of the Mayor of Detroit while turning back the three labor delegates from the Soviet Union? This nuttiness suggests that we like Italians and distrust Russians but have no objections to Communists per se.

The labor movement, the maritime industry, and the public of the three West Coast states and Hawaii owe a deep debt to Bridges and to Lou Goldblatt who retired as secretary-treasurer of the union at the Seattle convention; these men and their associates and the union they formed and headed for so many years have written a memorable chapter in American trade union history.

CAREY MCWILLIAMS

Abusing a Courtesy

We learned the other day that President Carter is continuing the custom of having his predecessors regularly briefed on "national security" matters. This practice should be stopped. If Nixon and Ford had followed the example of most retired Presidents and withdrawn into a dignified obscurity, there might be an argument for this courtesy. But both the ex-Presidents, the disgraced one and his appointee, have gone into business as commentators, huckstering their experiences as Chief Executive for vast sums. The American taxpayer is therefore paying to keep their commentaries current. This perquisite of the Presidents Club should be abolished for reasons of economy and common sense.

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FIGURES DON'T LIE, BUT . . .

AUDITING THE AUDITORS

JOHN THACKRAY

A wag once said that to understand America you have to be an accountant. Maybe so, but lately accountants as a group haven't been so smart in the ways of politics. Kicking and screaming with as much dignity as they can muster, they are being dragged from their enclaves in the board rooms of corporate power to face public Congressional criticism—an unprecedented ordeal from which they are unlikely to emerge unscathed.

Sen. Lee Metcalf (D., Mont.), chairman of the Subcommittee on Reports, Accounting and Management of the Government Affairs Committee, is conducting hearings that will last through May on the deeds and misdeeds of major public auditing firms and their professional institutions. And Rep. John Moss (D., Calif.) who heads the Subcommittee on Oversight and Investigations, contemplates similar hearings. Both committees have issued reports that roundly attack the status quo in accounting.

That such an arcane topic should reach the public spotlight demonstrates how far society has grown in complexity since Bob Cratchit kept the books for Scrooge. The former humble quill pusher with a green eyeshade today dominates the crossroads of economic movement, charged as he is by the Securities Act of 1933 to monitor the financial positions of public companies, as those are reported to the shareholders. He owes his not inconsiderable livelihood to reforms of the 1930s that sought to reassure an investing public bruised and disillusioned by the great crash. He audits transactions and verifies assets and liabilities; then, if all is well, he issues a report proclaiming that these corporate annual accounts of profit or loss conform to "generally accepted accounting principles." The company publishes this certificate in its annual report.

This system jogged along for a couple of decades without serious challenge. Then came the merger craze of the late 1960s, manipulations and bogus earnings of a go-go stock market, and suddenly large quotients of investor confidence in the information they were getting disappeared. The public began to distrust the auditor's imprimatur and the work behind it.

That was only the beginning. Subsequent scandals arising from improper and illegal corporate payments, which auditors uniformly missed, raised the same problem anew. Doubts about corporate reporting in the oil and gas industry since the oil crisis have had the same effect. Each year it's become clearer and clearer that evaluations of hundreds of billions of dollars worth of marketable assets are based on questionable and imperfect data. Part of the trouble lies in that phrase, "generally accepted accounting principles." It says far less than it is intended to suggest. To the layman it means that the corporation has followed hard and uniform rules in preparing its accounts. In reality it states only that the corporation has chosen a particular accounting treatment from a number of plausible alternatives fashioned by the profession. "All it means is that the alternatives that management has selected are, in the auditor's view, presented fairly," says Abraham J. Briloff, professor of accounting at Bernard Baruch College of the City University of New York. Some corporations will pick one alternative, some another, thus frustrating the outsider's need for a uniform gauge whereby to compare corporate performances. Add to this the fact that corporations choose and generously pay their so-called independent auditors, and the opportunities for mischief are obvious. Inevitably there arises the possibility of competition in laxity among accounting firms, which decline even to say which of the available alternatives *they* prefer, as the Securities & Exchange Commission has urged.

According to law, the SEC is responsible for setting corporate accounting standards, but back in 1938 a narrow vote among the commissioners passed the buck to the accounting profession. Both Moss and Metcalf feel this decision was lamentable and should be reversed. If stalling on major standard-setting issues was the right political tactic, then the accounting profession has done a whale of a job these past forty years. No less than three separate organizations have been formed to hammer out adequate standards. Two were dissolved in disgrace; the third and current contender, the Financial Accounting Standards Board (FASB), has been buffeted by attacks from within the accounting profession and, more forcefully, from an aggrieved corporate community. In response, the FASB this year has begun some mild internal reforms, designed to make it appear more independent of the major auditing firms.

It is widely assumed that the four-year-old FASB is the thin red line which, if it fails to hold, will certainly force the SEC, or some other government body, to take charge of standard setting. It has already happened with defense industry accounting: the profession's lackadaisical attitude toward setting a uniform code in this area drove Congress in 1970 to create the Cost Accounting Standards Board, over the strong protests of the accountants' main organization, the 160,000-member American Institute of Certified Public Accountants (AICPA).

Accountants and their clients differ sharply on the clear and present danger of severe government intervention. The AICPA and the FASB believe the threat is palpable, and that therefore they had better fashion some tough standards that remove most of the alternative treatments now in use, or face public humiliation, certain loss of occupational status and, perhaps, even loss of income if they become quasi-government inspectors. Unhappily for them, their corporate constituency, while pay-

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ing lip service to the dangers of a stronger government hand, still strives for maximum "flexibility" in accounting treatments. They say the enemy is not yet at the gates, that the FASB is overreaching itself.

This conflict of outlook has crippled the FASB and caused it many a failure of nerve. Not even its most ardent supporters feel it has moved fast enough or begun to cover enough ground. Moreover, the handful of opinions it has issued have often been trivial, sometimes permissive of dubious alternatives, and sometimes poorly argued. On the few occasions when it has stepped on corporate toes—as in its statement last year on treatment of foreign currency transactions—it has followed up with elaborate gestures of conciliation, as became clear from its handling of new accounting standards for bank loans to financially shaky less developed countries (LDCs) or troubled municipalities.

Last fall the FASB leaned toward the notion that when a debt agreement between debtor and creditor undergoes a substantial change in its terms—i.e., when the banks switched their New York City bonds into Big Mac—a portion of that debt should be immediately offset against current profits and the lower, written-down value reflected in the balance sheet. Faced with the prospect of losing hundreds of millions of dollars in booked (though not necessarily real) profits, bankers around the country raised a storm. The American Bankers Association mounted a lobbying campaign the like of which the FASB had never seen. "It's unbelievable, some of the emotional responses we've received from presidents of some significant banks," said the mild FASB chairman, Marshall Armstrong.

Such is the enormous power of the major commercial banks that they even co-opted the one group that has the most to gain from impartial and uniform financial reports. Wall Street analysts foresaw an Armageddon in commercial bank stocks if the FASB didn't back down. And apparently it did. "We're dismayed and alarmed," say two analysts and experienced accounting critics, Thornton L. O'Glove and Robert A. Olstein, about the FASB's final draft statement. They write in their newsletter to institutions: "Billions of dollars of American bank loans to less developed countries are in peril. Yet the proposed FASB standard would not even require banks to acknowledge that a sizable sum of these loans have been renegotiated or are in the process of being renegotiated. . . . The net result will be to encourage banks to continue to 'stonewall' regarding adequate disclosures involving their overseas loan exposure to the LDCs. They will be encouraged to carry their LDC loans at their full original receivable value, although it is evident that some writedowns of these loans should be taking place."

Perhaps the heart of this comedy in self-regulation lies in the fact that, by its own admission, the FASB does not understand why, or for whom, financial statements are prepared. That rather undercuts its claims to authoritativeness in the smattering of standards that it has so far promulgated. This year the FASB is trying to make up for forty years of neglect of this problem with a battery of theoretical and abstract statements and a long schedule of hearings; that should, at least, buy it some time.

When faced with most criticism, the accountants' typical response is that the uninformed public expects of them far more than is appropriate. For one thing, the public and Congress alike are naive to think that accounting "truth" can be reflected in ironclad rules. For another, they say it's simply unrealistic to expect auditors to catch dishonest corporate dealings, like slush funds, dummy corporations set up for money laundering, illegal and questionable payoffs, embezzlements and other forms of fraud.

They are terrified by the suggestion made in both the Moss and Metcalf reports that auditors be held financially accountable for mistakes, even when on their part there is no intent to defraud. For the moment, the Supreme Court has ruled that they are liable only if intent to deceive and manipulate can be proven. Speaking of the Moss-Metcalf proposal, Archibald E. McKay, managing partner of Main Lafrentz & Co., one of the top dozen firms in the country, expressed the consensus of his peers: "It is a grossly impractical and unfair recommendation. The business community and the taxpayers of this country would have to be prepared to absorb the resultant costs"—of the labor involved in far more thorough audit procedures, plus huge increases in the auditor's already considerable payments for liability insurance, which are built into the fee structure and thus ultimately into the price of corporate goods and services.

One reason why they fear comprehensive liability is that even the most august and "professional" firms turn out work of uneven quality, and many apparently exercise poor control over staff in their widely scattered offices. The SEC has many times censured leading firms for auditing failures and infractions, "punishing" them with prohibitions against taking up new client assignments for, say, a two-month period.

Still, auditors do recognize their image problem. How could they not after the auditing chicaneries of such well-publicized frauds as Penn Central, Equity Funding, Four Seasons Nursing Homes, National Student Marketing, Stirling Homes, or the wholesale briberies at United Fruit and Northrop? But their solution to the problem is in characteristically club-man style: to engage a competitor to conduct a "peer review," in which auditing procedures, policies, chains of commands, etc., are scrutinized and—always so far—blessed by the outsider.

The best hope Moss and Metcalf have for reform is to light a fire under the SEC, which might then, to protect its reputation as one of the best of Washington's regulatory bodies, either take a bigger role in setting standards, or force greater independence on auditors, perhaps by taking up Ralph Nader's suggestion that auditors be compelled to rotate their clients from time to time. Or critics might, like Moss, legislate a nibbling away at the problem. Moss has obtained a bill for uniform accounting in the oil and natural gas industry, and has proposed a similar one in the health-care field.

The exact thrust of the Metcalf attack on the problem is a little more vague. His current hearings are ostensibly to receive views and comments on his committee's ponderous, 1,760-page report, which attacks the oligarchic market power of the Big Eight accounting firms, and their presumably corrupting influence on the state

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of the art. It claims that Arthur Andersen & Co., Arthur Young & Co., Coopers & Lybrand, Ernst & Ernst, Haskins and Sells, Peat Marwick, Mitchell & Co., Price Waterhouse & Co. and Touche Ross & Co. together audit the books for 85 percent of the corporations whose stocks are listed on the New York and American Stock Exchanges—companies that produce more than three-quarters of all corporate profits. This oligarchic power, the report claims, is responsible for nearly all the maladies. But it's a weak case and hasn't earned the good opinion of even the professorial critics of the accounting establishments.

Perhaps Metcalf has sensed that he's a little off the mark. On the first day of the hearings, on April 19, he went out of his way to mollify the opposition, saying that people were wrong to think the report recommended extensive additional federal regulation of the profession. All Metcalf wants is the "necessary federal guidance, which was originally intended by Congress." But that's saying a mouthful, because of the political reality behind what Max Weber might have called the accountants' tendencies to "mystification." After all, the auditors are not the ones on trial. They are mere surrogates for their clients' appetite for power and the freedom to deceive. □

ISRAEL AT HAZARD
Between Survival and Solvency

ERNST PAWEL

Switching horses in midstream is commonly regarded as unwise. But if the nag is a clear loser with a suicidal streak, the perilous maneuver may actually improve your chances of survival. That, roughly, is the situation of Israel's Labor Party, now riding on Shimon Peres. It will take time for the political consequences of the Rabin affair to sort themselves out, but its broader significance seems only too readily apparent and confirms the incompetence, moral erosion and plain stupidity that have come to infest party politics in Israel.

It is widespread disgust with parties, politics and politicians rather than ideological issues that accounts for much of the spontaneous and enthusiastic support generated by Professor Yadin and his Democratic Movement for Change. Yadin is an impressive figure with impeccable credentials in almost every field but politics; he is genuinely independent, a man of stature among the Socialist and liberal intellectuals who, until recently, set the tone in Israeli life. Chances are that he will attract a substantial vote. But whether, even under the best of circumstances, he could effect drastic reforms of the sort called for by the situation seems doubtful.

The scandals of the recent past are symptomatic of a crisis far too deep to be resolved by mere changes at the top. If power corrupts, so does impotence—and just as absolutely. And despite their conspicuous achievements, the last few years have brought all Israelis hard up against the realities of power, and against their own pervasive lack of it. This goes as much for the individual struggling against the impersonally personal nightmares of inflation, taxes upon taxes, red tape and recurrent reserve duty, as it does for the government paralyzed by its own electorate and largely dependent, for defense and energy needs, upon foreign sources.

Increasingly, what emerges is an incongruous mix of consumer society and Masada complex, of rising expectations and shrinking options whose built-in frustrations account for many of the internal difficulties that now plague the country. For nearly three decades, Israelis have been living in a state of siege. The miracle is not that their rage will out, in whatever manner, but that it has not yet given way to resignation. The dynamic vitality which, within a single generation, transformed a network of pioneer settlements into a modern industrial society, shows scant loss of power. It spills over into strident argument, suicidal driving habits, high-level truculence and low-level skulduggery, but it remains one of the few natural resources in which Israel is abundantly self-sufficient—with a vengeance.

With due reverence for Jewish tradition, the miracle of Hanukkah—in which a few drops of oil burned on, improbably, for eight full days to signal the resanctification of the Temple—strikes me as considerably less astonishing than the modern-day miracle of Israel's economy. What looks, at least to the casual visitor, suspiciously like the bright glow of affluence must manifestly be fueled by something more substantial than the promises men try to live by. But what? How is it possible to have crowded highways and parking problems in a country where the gap between tax and income is fast disappearing, where the cheapest car costs around $10,000 and a gallon of gas sells for about $2.50? What about the boom in luxury housing, from the restored Jewish quarters of the Old City to the striking high-rise condominiums at Elat? Middle-class standards of living approach or equal those of many Western countries, and the middle class itself has visibly grown. True, so has the distance between rich and poor. But the sort of poverty common to the slums of Cairo is nowhere in evidence.

How does all that square with an economy indisputably in trouble, overextended, disastrously overburdened by defense expenditures, its currency shrinking, and caught in the grip of a runaway inflation? I have heard many partial explanations, persuasive enough in their way. Much of the luxury housing is bought by Americans and

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other foreigners. Business enterprises own most of the cars on the road and use them as tax-exempt perks to attract or reward executive talent. And even modestly middle-class standards of living are dearly bought, with a disproportionate outlay of time, effort and sacrifice.

This still leaves a number of questions which, economics being what they are, probably defy clear-cut answers. Whatever the details, the broader picture mainly reflects a time lag between a prolonged growth spurt and the catastrophic impact of the OPEC offensive and subsequent worldwide recession. The inextricably tangled political and economic consequences confront Israelis with some very tough challenges, the most immediate being a 35 percent inflation last year on top of a 100 percent devaluation.

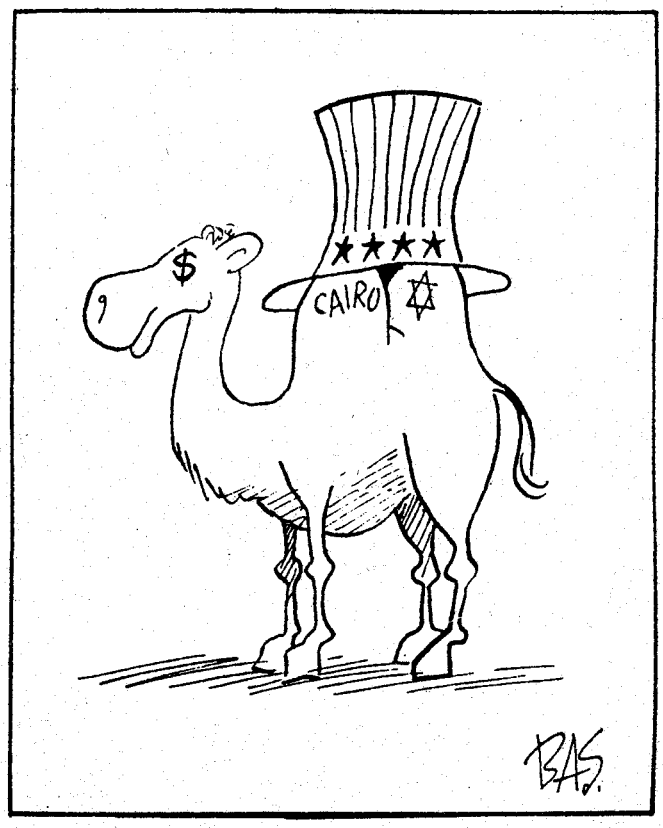
Facing up to them will require Draconian measures and the sort of leadership that has yet to emerge from the younger generation. Its disenchantment with politics is total, totally understandable, and potentially fatal. The best and the brightest are drawn to creative pursuits that range from agriculture and industry to arts and sciences, and to institutions such as the army or the kibbutz, where personal contributions can still make a visible difference. That leaves politics to the politicians. None among these mostly venerable bureaucrats seems capable of the broad courage and vision required to run the country rather than run for office, and it is hard to imagine any of them taking the large political risks implicit in any serious effort to shore up the economy and control inflation.

At the same time, even the most stringent wage-and-price controls, coupled with significant increases in productivity, export and tourism (pipe dreams at this point, with new strikes paralyzing one or another sector of the economy every day) are unlikely to reverse the trend as long as defense spending remains at its present level of close to 70 percent of national income. A nation the size of Israel simply cannot afford to go on indefinitely diverting that high a proportion of its resources to wholly nonproductive uses.

Few Israelis would disagree, but most feel powerless to do much about it. To the post-Holocaust generation, the choice between survival and solvency is no choice at all. No one really anticipates significant cuts in the defense budget until the Middle East conflict is settled.

One obviously preposterous aspect of the situation, which has not escaped the earnest scrutiny of reasonable men, is that Egypt, for one, faces very much the same dilemma. The arms race of the superpowers has its deadly parallel among the powerless.

This double bind, however, exhausts the common ground between the two countries; all other analogies are false. Egypt, with no industry to speak of, and with an agricultural technology mired in the Pharaonic age, has had to feed a population that now doubles every twenty-five years. And while hundreds of late-model tanks face the Israeli lines, the sight of a tractor is rare indeed along the Nile, and millions of peasants live in picturesque pre-Biblical misery next to missile sites and well-stocked military airfields. If Sadat, for his part, could trim the defense budget, he might be able to avoid the next round of food riots. Peace, or at least nonbelligerent coexistence, would appear to be in his own best interest as well.



Tachydromos (Greece)

It is a rational assumption, and wholly unwarranted for that very reason. The passions that first made the Middle East the cradle of faith continue to render it impervious not only to logic but even to ordinary common sense. Lebanon is only the latest example of religious fervor—pristine, or in the guise of ideology—overriding the very instinct of self-preservation.

Sadat probably could not make peace even if he wanted to, but one doubts that he does. For the fact is that making war on Israel has served as Egypt's substitute for industrial development, agricultural progress and social revolution. It has netted the army huge quantities of advanced weaponry, substantial assistance from both East and West, and even some nominal help from oil-rich allies. In return, Egypt provides highly expendable bodies. The deal does little for the masses, and it mortgages the country's future, but it has enabled the colonels' cabal to remain in power against heavy odds for a quarter-century.

Israel, on the other hand, improvised after the abrupt retreat of the British in 1948, long enjoyed the reputation of being an essentially egalitarian, Socialist society. The picture was never wholly accurate, and is less so now. But the kibbutzim, the collective settlements instrumental in the resurgence of Jewish agriculture and its phenomenal success, continue as probably the purest examples of Socialist communities anywhere in the world. Their moral and political influence, though declining, remains significant far out of proportion to their numerical strength, and new ones are constantly being founded in some of the country's least hospitable regions by the

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generation now coming of age. Still, the image of the *chalutz*, the pioneer, is fast fading into hagiography.

Such changes are historically inevitable, and far less significant than the fact that Israeli society, though in almost permanent mobilization, has thus far managed to preserve its pre-eminently civilian and democratic character. There is, however, little doubt that socialism is in full retreat, not only as a political movement and ideology but also as an ethical commitment.

Some of the reasons for the rightward shift are obvious —international realignments, the insensate anti-Semitism of the Eastern bloc, and demographic changes that have tipped the population balance in Israel, where Jews of Sephardic—mostly North African—origin now outnumber the Ashkenazim, or European Jews. The two pillars of Israeli socialism, i.e., the Histadruth Labor Federation and the kibbutz movement, have long since sunk into political lethargy, concentrated on cultivating their gardens and their careers, and done little to bridge the widening gap between their own increasingly middle-class and predominantly Ashkenazi membership and the largely unorganized Sephardim who, economically underprivileged and culturally deprived, tend to defy conventional Marxist wisdom by supporting anti-Labor candidates.

But more important than the causes of this Socialist decline are the consequences, of which the forthcoming elections are the most conspicuous as well as the least important. For whatever the outcome, the practical significance of any changes in the composition of the government is likely to be minimal in the two areas of most immediate concern—the economy and foreign affairs.

The economy has always been a weird hybrid, an ad hoc improvisation like so much else in Israeli life. To the extent that human intervention can be said to have influenced its drift, the inspiration was consistently pragmatic rather than ideological, and neither devotion to Marxist principles nor nostalgia for the halcyon days of free enterprise on Orchard Street are going to make much difference. Whatever cannot be cured with more taxes will remain incurable.

In foreign policy, the options are equally limited, with doves and hawks alike locked into positions that restrict their mobility and preclude any major initiatives, regardless of good or bad intentions. The Israeli response in the months ahead to growing U.S. pressure for territorial concessions will again be shaped by practical rather than theoretical considerations.

The real conflict centers on more fundamental issues and antedates the state itself. Initially, common danger and a common enemy made both Left and Right eager to avoid a showdown, and the uneasy symbiosis of democracy and theocracy of secular politics and religious absolutism that has prevailed ever since, is a compromise born of necessity. But no matter how necessary, compromise is also a way of not facing the facts. And one fact increasingly difficult to ignore is the growing self-awareness of Israel's Arab population—the half-million Arabs who are Israeli citizens and live within the boundaries of the pre-1967 state.

What happens between Israel and the Arab states will chiefly be determined by forces beyond Israel's control. What happens between Jews and Arabs within Israel, on the other hand, will mostly depend on decisions made by the Israelis themselves about the nature of their society. And in this context, the steady erosion of Socialist strength and moral influence could have devastating consequences.

The story of the Arab minority in Israel remains largely untold. Both sides, each for reasons of its own, have been reluctant to publicize the success of informal accommodations that in the past three decades raised Arab standards of living—income, housing, health care, education—far above comparable standards in the neighboring Moslem countries. The resultant conflict of loyalties on the part of the Arabs was dissipated in elaborate charades, in which an often militant rhetoric covered discreet but effective cooperation. Without it, life in Israel would have been difficult, if not impossible, for Jews and Arabs alike. But signs now point to the end of that era; the unarmed truce marked by muted hostility and tacit understanding may be drawing to a close.

The most obvious force for change is the groundswell of Arab and Palestinian nationalism, whose legitimacy—whatever that means—is as irrelevant to its factual hold upon people as the legitimacy of Zionism. Nothing—neither appeals to history, nor the shameful exploitation of the Palestinian refugees by Arab governments—in any way alters the reality of pro-Palestinian sentiment in the here-and-now; not even the fact that it was, from the very beginning, used and manipulated by outside powers for their own ends.

Incidents compounded of stupidity and fanaticism have contributed their share to rising tension between Jews and Arabs, not only in the occupied West Bank but also within Israel itself. In a climate of, at best, suspended animosity, trouble is easy to provoke, and the deranged zealots of the Jewish ultra-Right have gone out of their way to provoke it. But a far more basic cause resides in the Arabs' very progress and relative prosperity. Rising standards of living inevitably mean rising levels of expectation, here as elsewhere. Israeli Arabs, and especially the young among them, will not indefinitely put up with being second-class citizens in a Jewish state.

The dilemma this poses for all Jews sincere in their desire to preserve both the democratic nature and the Jewish essence of Israel touches upon questions that for twenty-nine years now have been deferred, pending the outbreak of peace. With peace as remote as ever, it becomes increasingly clear that certain fundamental decisions about the future of Israeli society simply cannot be put off much longer.

The concept of a Jewish state is embodied in the Law of the Return, under which any Jew settling in Israel is entitled to Israeli citizenship. Authority to decide who is and is not Jewish has been vested in the rabbinate, which applies its ultra-Orthodox criteria with the self-righteous zeal common to those who not merely know but own the truth. Thus converts initiated into Judaism by Conservative or Reform rabbis are not recognized as Jewish. In effect, this gives a religious body full control and veto power in matters involving civil status and legal rights—a giant backward step for Jewry, particularly ironic in the light of the Diaspora Jews' historic commitment to the separation of church and state.

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Rabbinical encroachment upon civil rights and human dignity extend, in fact, to many other aspects of life. There is no civil marriage or divorce, hence no marriage between Jews and persons not considered Jewish by Orthodox standards. (Non-Orthodox rabbis have no legal standing at all.) Public transportation is halted on the Sabbath in most cities. And there are literally hundreds of other concessions, major and minor, that an essentially nonreligious majority originally granted the tenacious, vociferous and, above all, well-financed religious sector in the interest of national unity. The majority has since discovered that one concession leads to another, and that absolute faith brooks no reasonable compromise.

The present privileged position of the Jewish religious establishment as a state institution is incompatible with the evolution of a secular, democratic society. The alternative is another Levantine theocracy, or a country split along religious lines on the pattern of Lebanon. Separation of synagogue and state will do nothing for Israel's relations with its neighbors, nor will it placate Arab extremists, regardless of their professed goals. But it may make it possible for Jews and Arabs in Israel to achieve a level of tolerance, nonviolence and equality that is the moral equivalent to religion.

And, like the open bridge across the Jordan, the good-neighbor fences along the Lebanese border, and the underplayed withdrawals in the Sinai, it would be another act of faith on the part of those who trust in people rather than in the Messiah to improvise their own peace while waiting for the millennium. But whether Israel's Left can muster enough strength and will to bring about the necessary changes remains to be seen. □

The Prospect with Peres

DAVID CAPLOE

When Israeli Prime Minister Yitzhak Rabin resigned on April 7, American officials from President Carter on down hastened to proclaim their confidence that the move would make no difference in American plans for what is known as "the search for peace in the Middle East." Rabin's replacement as Labor Party standard-bearer and potential Prime Minister, Defense Minister Shimon Peres, likewise stated that his stewardship would mark no significant change of direction in Israeli policy making.

But others were not so sanguine. The moderate and pro-American Israeli Mapam Party, a principal component of the internal coalition within the Labor Party* threatened to bolt if the "hawkish" Peres succeeded the "dovish" Rabin. It agreed not to do so only after Peres explicitly embraced the Labor platform in its entirety. (It calls, among other things, for a halt to further Israeli settlement in those parts of the conquered territories that might be given back as part of a peace settlement.) Even this did not calm the fears of other Israeli "doves," who recalled with apprehension Peres's association with the hard, *Realpolitik* policies espoused and enacted by David Ben-Gurion and Moshe Dayan. Thinking along these lines, one Israeli academic living in the United States fretted that Rabin's replacement by Peres would dim hopes for an Arab-Israeli settlement in the near future and, consequently, put further strain on Israeli-U.S. relations.

A more comprehensive assessment of the situation, however, suggests that both the reassurances of the former and the apprehensions of the latter are misplaced: the exchange of Rabin for Peres as Prime Minister marks not only a significant shift in the dynamics of Israeli politics but one that augurs well for a U.S.-style settlement of the Arab-Israeli conflict. This somewhat unorthodox view arises from the following analysis of the peculiar demands that the current situation makes upon both the United States and Israel.

The basic outlines of that analysis are simple. The United States is in a stronger position in the Arab world today than any great power has been since the end of World War II. The recent visit to Washington of President Sadat, when he talked of normalization with Israel and his profound desire for an alliance with the United States on almost any terms, marks only the latest stage in the evolution of the Egyptian regime into a stronghold of pro-American sentiment. The oil-rich Gulf states remain solidly pro-American. The "radical" states of Algeria and Iraq continue to increase the volume of their trade with the United States. The Syrians are receiving American aid and beginning to take full account of the potentialities raised by their de facto alliance with the United States during the Lebanese civil war. The PLO itself seems eager to develop a U.S. connection. All that leaves only the Libyans out of the picture.

* The dynamics of the Israeli party system are unusual and complex. Here, it may be enough to note that there are two main "parties," the social democratic Labor alignment and the right-wing nationalist Likud. Within these large "parties"—neither of which has ever been able by itself to achieve a governing majority in the Knesset, Israel's parliament—there are several smaller parties, each representing a particular viewpoint along the party spectrum. In addition, there are small parties outside the larger groupings that represent other clusters of social and ideological interests. These are available to the larger parties for the coalitions they need to form a government. Party coalitions thus exist on two levels: those occurring within a generally agreed-upon ideological context and those assembled to achieve a ruling majority. Most of the references to parties here will be to those smaller units—Mapai, Mapam, Rafi—within the Labor alignment that since Israel's birth have ruled by dexterous juggling of both internal party and external governing coalitions.

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At the same time, the U.S. position is far from firmly established. Almost every Arab elite currently finds it necessary and/or profitable to treat with Washington, but the turbulence of Arab nationalism leaves those elites vulnerable to change from their internal opposition that the U.S. connection is a sellout of Arab principles to the power most responsible for arming and aiding their ideological *bête noire,* Israel. In this context, the continued homelessness of the Palestinians acts all over the Arab world as a focus for hostilities and resentments against the incumbent elites.

Therefore, the consolidation of its foothold in the Arab world requires that the United States clearly be seen to take an active role in the process of achieving a "settlement" of the Palestinian question. Once that is accomplished, Arab proponents of an alliance with the United States will no longer be on the defensive in the rhetorical battles of nationalist politics; they can then argue that, while the United States is indeed an ally of Israel, it has nevertheless proven itself to be a friend of the Arabs as well. This would give the American presence in the Middle East the measure of legitimacy it sorely needs if the Arab world is to become more fully integrated into the U.S. system of political and economic influence.

This desire for closer links with the Arab world must be balanced against both the strategic value of Israel for U.S. military interests in the Middle East and the tremendous ideological support it commands from the American public. The pro-Israel lobby, an internal political force of no mean strength in Washington, will fight vociferously against any U.S. support for a West Bank state. But if the United States is determined to forge a stronger alliance with the Arab states, there is really not much the pro-Israel lobby can do. This is so particularly if the buttressing of that alliance is accompanied by a concrete recommitment to Israel in the form of even greater quantities of arms, aid and diplomatic support. Thus, the obvious strategy for Washington is to promote some kind of settlement that will have the appearance of justice for the Palestinians, while not greatly damaging the interests of Israel—a path which the Carter administration seems to have embarked upon, at least tentatively.

The chief problematic element in this equation is not the nature of the U.S. strategy but of the Israeli response to it. Not surprisingly, the factors contributing to that response promise to make it deeply ambivalent. The most evident and compelling of these is the dependence of Israel upon the United States in the wake of the 1973 war—an experience that shattered Israel's economic well-being no less than its politico-military morale and international standing. This dependence extends to almost every conceivable aspect of relations between the two countries: direct military aid, arms sales, intelligence exchanges, economic assistance, diplomatic support on the world stage, even help in getting Jews out of Russia and settling them in Israel. This general reliance on America makes it almost impossible for Israel to refuse to do what the United States wants it to do. And since the United States wants some kind of settlement of the Palestinian issue, Israel has very little choice but to go along.

But just as the 1973 war increased the extent to which Israel was dependent on the United States, it also reawakened deep fears among Israelis about their national and physical survival. Whatever the reality of those fears, it is undeniable that they condition public reaction to the policies of Israel's political leaders. This is especially so because the leadership justified its retention of the territories seized during the earlier 1967 war on the premise that they were essential to Israel's security. To talk now of giving the West Bank back to some form of Arab sovereignty, particularly to the hated PLO, would not only touch those raw fears of extinction directly but would also put the current leadership in the embarrassing position of having to deny in action the arguments it and its direct predecessors had carefully built up over the years for holding on to the conquered territories. Thus, insofar as the Israeli leadership depends on internal support to maintain its rule, the creation of a Palestinian state along Israel's most vulnerable border is a proposal that it must vehemently oppose.

Therefore, the present leadership must somewhat reconcile the desire of the United States for some kind of concession to the Palestinians with the possibility of thus heightening the fears raised by the 1973 war, and thereby losing its domestic base to a right wing that will militantly refuse any territorial compromise or recognition of the Palestinians.

In trying to see what such a strategy might look like, the process that led to the Sinai II agreement provides a useful model. In March 1975, the United States pushed the Israelis to accept a pullback they didn't want to make. When they balked, the United States conducted a "reappraisal" of its relations with Israel. Sensing that they had gone too far, the Israelis showed themselves more amenable to U.S. plans the second time around, in August. For its part, Washington recognized the instability of the Israeli Government's situation, and coated the bitter pill of withdrawal with enough sweeteners to make it palatable to the Israeli public.

Even if the issue at hand is a comprehensive settlement, and not a stage in "step-by-step," the logic appears to be the same. While its government is all too aware of Israel's dependence on the United States, it must try to hold off the day of reckoning as long as possible. It must do so, first, so that Americans will appreciate the extent to which the government must placate a fearful domestic opinion, and will therefore be more forthcoming toward Israel when it finally agrees to go along with U.S. plans. And, second, it must do so to show its own public the weight of pressure it had to contend with, and thus not appear to have sold out commonly perceived vital interests under any but the greatest duress.

This strategy demands a leader who fulfills two conditions: first, that he be personally respected as well as politically able and decisive; second, that he also be relatively invulnerable to attack from the Right. If the first is obvious, the second requires some elaboration. Since acquiescence in the creation of a Palestinian state

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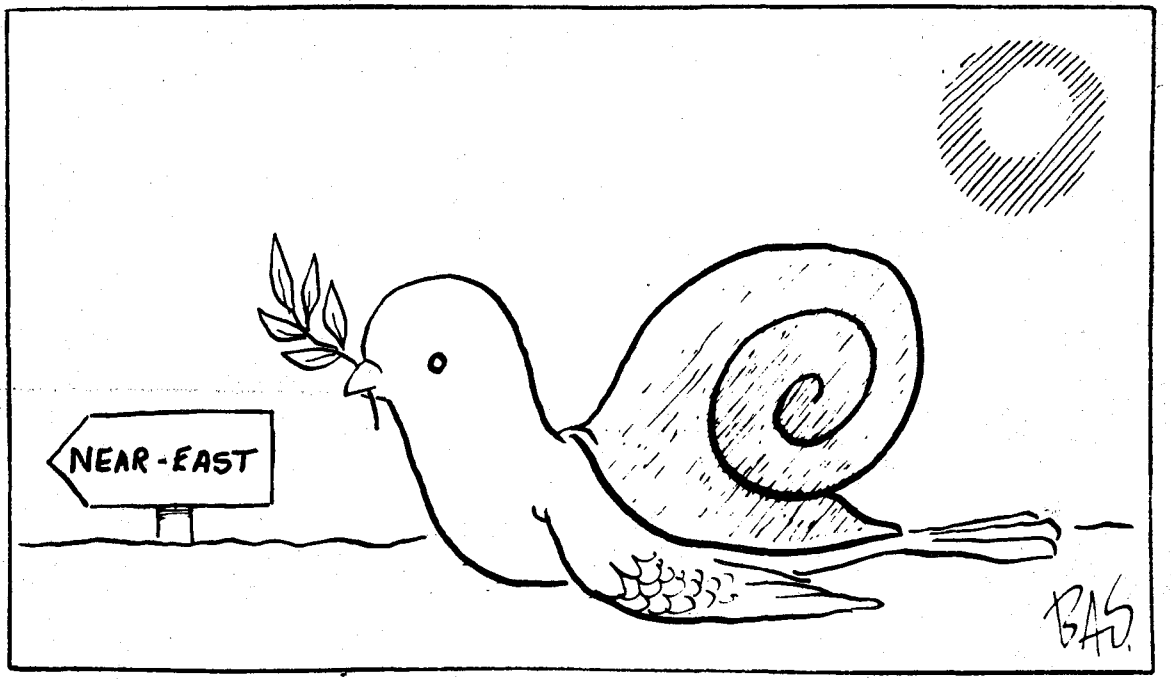
in exchange for a guarantee of U.S. support is the program of the "doves," both liberal and Left, there is little to fear from them in the pursuit of a U.S.-inspired policy. The danger lies in the storm of criticism such a policy will evoke from the Right. There is bound to be protest, and it will be strident; but it must nevertheless be contained lest it lead to a destabilizing chain reaction within Israel that would bring the whole effort to naught. It is precisely the possibiliy of reducing tensions in the entire region that moves the United States to embark upon its course of action in the first place. For keeping the vehemence of the right-wing Israeli reaction in check, the previous history and personality of the leader will be critical. His reputation must be such that charges of a sellout are implausible, and he must be strong enough to force right-wing acceptance of a Palestinian state as an inevitable, if highly unpleasant, necessity. (That this prescription is hardly unique to Israel, two examples from recent history illustrate most clearly: in 1962, Algeria was finally decolonized not by the Socialists but by the *ultra*-nationalist de Gaulle, whose dedication to the welfare of France could hardly be questioned; similarly, it was the hysterically anti-Chinese, redbaiting Nixon who in 1972 opened U.S. relations with Peking after more than twenty years of bitter antagonism.)

If the times require those qualities in the leader of Israel, the replacement of Rabin by Peres increases the likelihood of a West Bank solution on both counts. Despite the smashing Israeli victory in the Six Day War, when he was Chief of Staff, and despite his successful term as Ambassador to the United States, Rabin has never developed into an able politician within Israel. He was placed in power in the spring of 1974 at the behest of old-time Labor Party politicians such as Golda Meir and Pinchas Sapir—who had been forced to resign their government offices in the wake of the 1973 war, but who nevertheless clung to the reins of party power. Never able to overcome this linkage with the old-time party stalwarts, Rabin found himself deeply tainted by association with the wave of scandals that racked the Labor Party during his rule. His own political and diplomatic performance was lackluster, taking a lift only after the Entebbe raid, and the economy never got back on the prewar track of prosperity. He barely won nomination as head of the Labor alignment in February 1977, and then only after the party machine pulled out all the patronage stops on his behalf. With so little esteem even in his own party, a deteriorating socioeconomic situation, and a seemingly well-deserved reputation for both indecisiveness and arrogance, Rabin was hardly likely to pull off the complicated set of maneuvers required to guide Israel toward some compromise with the Palestinians.

It is not certain, of course, that Peres will prove equal to the task. He certainly lacks the personal magnetism of his two mentors, Ben-Gurion and Dayan. Yet he does seem better suited than Rabin to lead Israel through this difficult transition. As Secretary General of the Defense Ministry under Ben-Gurion in the early years, he played an important and widely acknowledged role in the development of Israel's armed forces. He has shown great skill at navigating his way safely through Israel's bitterly contested political wars, managing to hold his ground even when losing bids for power.

Perhaps most important, Peres has always been associated with the right wing of the Labor movement. He was a prime architect of the Franco-Israeli alliance of the mid-1950s that culminated in the Suez campaign of 1956, marking the great victory of a hard-line policy toward the Arab states. When Ben-Gurion, feeling that the Mapai had gone too soft, split off to form his own group (Rafi), Peres went with him, and further established his position on the right wing of the Labor movement. Since the 1967 war, he has publicly and



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privately taken an unyielding stand on questions of territorial compromise. Peres has been most vocal in support of the controversial settlements in the occupied territories, such as Setastiye, and the Kadum settlement near Nablus. His hard-line credentials are impeccable—no one could accuse him of having ever been soft on anything or anyone. As a result, he is well armored against the charges of weakness and sellout that would inevitably be hurled at any Israeli leader who presided over the creation of a Palestinian state.

At the same time, Peres has a more than passing familiarity with the realities of international politics, unlike the right-wing opposition, which has never held power in Israel's history. He is thus deeply conscious of what dependency on the United States means for Israeli policy making. This combination of assets appears to make Peres a reasonable, if not necessarily ideal, candidate to lead Israel along the steep and stony path to a West Bank Palestinian mini-state.

His first problem is the election coming on May 17. He has made many bitter enemies within the Labor alignment's other parties, enemies whose strong support he must now secure if the alignment is to maintain even its plurality in the 120-seat Knesset. Labor must beat back the right-wing Likud, and simultaneously hold off the sorties that the Democratic Movement for Change group, headed by archaeologist and former Chief of Staff Yigael Yadin, is expected to make on liberals and others dissatisfied with the drift of Israeli public life. If he is successful in these skirmishes Peres will have passed at least the first hurdle. How far he will be able to go from there depends upon the details of the election: how great a plurality Labor gets, how well the Right and Left challengers do, the possibilities of making a governing coalition with the smaller parties, etc.

Predictions are a risky business, particularly in Middle East politics. It would thus be foolish even to attempt to forecast the chances for a U.S.-style settlement until after the Israeli elections, and the sorting out of that country's internal struggle for power. What can be stated with confidence, though, is that the resignation of Yitzhak Rabin as Prime Minister is not a movement from, but a definite step toward, the defusing of the Palestinian issue by the creation of a West Bank state. Whether or not that project will come into being is an uncertainty with which we must live for yet a while. □

IN THE SHADE OF THE FDIC

THE TAX-SHELTER FARMERS

RONALD B. TAYLOR

The scandalous failure of C. Arnholt Smith's U.S. National Bank, in San Diego, has left the Federal Deposit Insurance Corporation holding a $398 million bag of questionable assets, including some 30,000 acres of tax-shelter farm lands. And while the FDIC managers may not look or talk like farmers, they are out in California's San Joaquin Valley, irrigating and fertilizing and buying dozens of $9,600 wind machines, trying to protect their citrus crops from the frost, and salvage what they can from the fiscal wreckage.

Why not liquidate? Russ Hibbs, the FDIC man in charge of such matters in the USNB fiasco, prefers not to talk. He feels it would be poor public relations for the federally chartered, quasi-public insurance carrier to explain why it is farming the land. All he will say is, "We want to keep a low profile."

No doubt. Picking up the pieces after the largest bank failure in FDIC history must be unpleasant, even embarrassing, work. Nor is Hibbs's reluctance to talk to the press about this bank scandal at all unusual. Most federal bank regulators operate on the curious theory that business affairs require and deserve a confidentiality that overrides the public interest. So, behind the veils of bureaucratic secrecy, but under the eyes of the FDIC, the Comptroller of the Currency and the regulators of the Federal Reserve Board, the San Diego financier C. Arnholt Smith, his rags-to-riches farmer friend Hollis Roberts, and a select few of their associates used the Smith-controlled USNB and various other corporate entities to create the illusion of wealth. For a while it seemed that they had learned how to farm money trees. Actually, all they were doing was diverting tax dollars from the U.S. Treasury into a financial house of cards.

The basic plan was complex and, for anyone not familiar with the tax laws that apply uniquely to farming, difficult to understand. FDIC investigators reconstructing the bank failure say that Smith's structure rested on "grossly inflated" land values, created by the closely controlled sale of land through several corporations created by Smith, Roberts and their associates. Since the price of the land went up with each sale, and the transaction was financed by the USNB, each corporation could show a paper profit and the bank a growing portfolio of real estate assets. Once the land values had been raised, the tax-shelter investor was invited into the picture.

George Hill, the FDIC's chief liquidator, estimates that the USNB failure uncovered $150 million in unrecoverable losses, and that half of this lost value was in the form of inflated trust deeds securing USNB loans on thousands of acres of citrus groves, fruit and nut orchards and row crops. Using the inflated land values, as well as anachronistic tax laws designed to help farmers convert from mule to tractor power, Smith, Roberts and their associates came up with tax-shelter schemes that

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would tempt individuals earning $50,000 or more a year and/or possessing more than $200,000 in assets.

Some of the land was packaged in limited partnership syndications and sold in "units." The 5,880-acre Jasmin Groves Company, for example, offered 720 units at $10,000 a unit and the Jasmin prospectus promised an immediate $8,700 tax loss write-off per unit, plus the potential to convert the invested value from an income to a capital gains tax base. The huge write-offs were possible because the investments were highly "leveraged"; that is, the investors paid little or nothing down, and much of the money they borrowed went to prepay interest, prepay farm management fees and operational costs for the coming year—all of which is deductible under farm-tax law. Some of the tax shelters were sold to individual investors, like the San Diego surgeon who "purchased" 480 acres of citrus for $2.2 million, paying nothing down. The USNB advanced all of the funding, including loans to prepay deductible costs, and the doctor signed a farm management contract with Roberts Farms, Inc.

When the USNB failed, in October 1973, the $970 million in deposits and the bank's more attractive assets were taken over by Crocker National Bank of San Francisco. The doctor's notes were not among these assets because the farm was not thought to be worth $4,500 an acre. The FDIC, created by Congress to protect bank assets, had to pick up the San Diego doctor's note and trust deeds to the 480 acres and another $395.8 million in other questionable or uncollectable loans secured by inflated deeds of trust or similar documents.

According to Hill the loss of $150 million, while obviously painful to the FDIC, is not catastrophic. The insurance carrier has a $7 billion reserve, built up over the years from the premiums paid into the FDIC by member banks. That is undoubtedly true, but the consequences of the USNB failure cannot be shrugged off so easily. What about the shareholders in the USNB and in Smith's Westgate-California Corporation that is now also in bankruptcy? And what about the larger social and economic problems uncovered by the collapse of the $2 billion bubble blown up by Smith? This bank failure, and the resulting exposure of the tax-shelter farm schemes, reveal some disturbing patterns in the manipulated use of land, natural resources, energy and capital.

It is high time for the country to question the social and economic priorities of a system that encourages people to invest in agriculture for the sole purpose of reducing their income taxes. The USNB failure, and the Smith-Roberts tax-shelter operations that triggered it, are a convenient point to begin such an exercise. It should be understood at the outset that the devices and methods used in this operation are only part of a much larger picture. By the middle 1970s, tax-shelter farming had become so popular that investors from Hawaii to New York City were involving themselves in the development of tens of thousands of acres in California and Florida.

Jasmin Groves is a case in point: 475 investors from twenty-eight states found the offering attractive enough to buy in and take the resulting ride. To understand fully why something like Jasmin was both possible and alluring, it is important to understand that, where other businesses are required to capitalize plant costs and depreciate them over a period of years, Congress has given farmers the right to write off developmental and operational costs as they are incurred. This means that a farmer can plant a young fruit orchard and take the investment as a loss against income earned that year. He can also write off the cost of operations as the orchard matures, even though it is not producing income. Farmers were granted the right to use "cash accounting" early in this century in the belief that such an advantage would stimulate capital investment in the family farm. But these laws also allow taxable dollars earned in a surgery or an oil field to be invested in farming, the doctor and the corporate accountants writing off the investment against gross income and in the process converting from an income tax to a capital gains tax base.

Until the 1950s, these tax laws were not widely recognized as loopholes by outsiders. But about then sharp accountants and lawyers prowling the tax codes for their wealthy clients moved from oil-drilling tax shelters into real estate and then into farming. By 1968 the IRS was reporting to Congress that of the 3 million farm income tax returns filed in 1965, 680,000 showed *losses offsetting outside earned income*. That year 17,587 corporations filed farm income tax returns, reporting $4.3 billion in gross income, but only 9,200 showed $188 million in taxable profits. Buying into farm investments had become fashionable and financial counselors were touting clients into some very speculative packages.

In 1968 Smith and his big farmer friend saw the beckoning bonanza. Working with Smith's brother Jack, who controlled First National Finance Corporation, and with the New York financial house, Hayden, Stone, Inc., they put together the Haygrove Company, the general partner in Jasmin Groves. The 5,880 acres that went into the deal were sold to Haygrove-Jasmin by Hollis Roberts, his various corporations, C. Arnholt Smith's Westgate-California Realty Company, Jack Smith's First National Finance, and some other close associates. The purchase price was $21.6 million. Roberts's profits from the sale of his 3,026 acres have been estimated at from $4 million to $8 million. In addition, Roberts Farms, Inc. signed a farm management contract that started in 1969 with a prepaid annual fee of $1.2 million and rose to $2.2 million a year. Roberts took some of the Jasmin trust deeds to secure his interests in the tax-shelter investment scheme, and he used these deeds to secure millions of dollars in short-term crop financing from the U.S. National Bank.

Jasmin, while it needed some operational refinements, looked quite successful. Roberts was finally getting national attention and he liked being near the seat of power, through Smith's close ties to Richard M. Nixon. But the storm was gathering: Congress was hearing a lot about the misuse of farm-tax laws that was costing the U.S. Treasury an estimated $840 million a year; the Securities and Exchange Commission was nosing around Smith's financial dealings and there was concern in California as to what could happen when tens of thousands of acres

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of new citrus plantings came into production.

As it turned out, the 1969 Tax Reform Act was largely cosmetic. Congress closed the citrus and almond loopholes by requiring accrual, rather than cash, accounting in these crops. Whereupon the shelter syndicators and investors turned their attention to vineyards and orchard crops. By 1971 Roberts had bought 30,000 acres from Tenneco, Inc. for a reported $15 million and was planning more syndications. He was branching out, this time working with Buttes Gas and Oil on something they called "Treecrop." One Treecrop prospectus offered the investor a 115.8 percent write-off over the first two years of the investment. Deals of that kind attracted dentists, doctors, actors and others who either formed their own corporations and bought into large blocks of land or came into the investments as individuals, taking "advantage" of the packages Roberts and others offered. Varietal grape vineyards became the chic investment, something to talk about at cocktail parties in Manhattan or Beverly Hills. Tejon Ranch—a 295,000 cattle and oil empire resting on Spanish land grants—joined two Eastern financial houses, the First Boston Corporation and Dean Witter, secured $27 million in general partner financing from John Hancock, and created the 21,000-acre Tejon Agricultural Partners syndication. One thousand "limited partners" invested $16 million in $1,000 units, and the Citibank of New York provided short-term crop loans. The partners developed 8,000 acres of vineyards, 6,000 acres of row crops and 7,000 acres of fruit and nut trees. In five years, the partnership has never reported any income; the limited partners have written off "in excess of 200 percent of their investment."

Just down the road from the Tejon Agricultural Partners' "farm," the landscape is littered with the fiscal debris from the USNB failure. This is the Wheeler Ridge-Maricopa area of Kern County, south of Bakersfield, where the FDIC is now farming 1,600 acres nobody else wants to touch, and has leased out another 2,400 acres to established farmers in the area. The FDIC managers admit they are in a holding operation, trying to sustain whatever value there is in these lands, while their lawyers untangle the legal issues through judicial foreclosure suits filed in the U.S. District Court in Fresno.

As I dug into these FDIC suits, the records began to reveal some of the bizarre dealings with the USNB, the Smith-controlled Westgate-California Corporation and various of Roberts's enterprises. The scope of these dealings is reflected in the lists of "interested parties" that must be notified each time a legal action is filed or a decision is made; *The New York Times* has estimated that at least 170 lawsuits, liens and other actions have been filed in county, state and federal courts involving Smith, the USNB, Westgate, federal regulatory agencies, other banks, stockholders and former Smith business associates. Attorneys representing these various interests are often engaged in passionate arguments so intricately constructed as to confuse the judge and one another.

Allegations of fraud and conspiracy have been brought against Smith by both the SEC and federal grand juries; he was indicted on twenty-five counts of fraud and making illegal bank loans involving more than $197 million. Smith was allowed to plead "no contest" to four of the counts and, over the objections of the federal prosecutors, was fined only $30,000 and given a suspended two-year federal prison term. Reason: the judge noted he was 77 years old, and not in good health. When one recalls the Nixon pardon, the sentence seems in keeping with the times. Since then, Westgate trustees and stockholders have filed actions in federal court, alleging, among other things, that Smith's misdeeds within USNB and Westgate were aided by the New York law firm of Mudge, Rose, Guthrie & Alexander. The firm, where both Nixon and John Mitchell practiced law, has filed a denial that while serving as Westgate's counsel, it ever betrayed the corporation's interests or instigated any federal cover-up of Smith's criminal activities.

Through all of this, Hollis Roberts has managed to stand far enough away from Smith to keep from being pulled down in the fiscal disaster and scandal. But the demise of Smith's empire is very much tangled with the story of Hollis Roberts and his various enterprises. Roberts is a big, bluff, cigar-chewing refugee from the dust bowl who blew into California in the 1930s with some small change in his pockets and a lot of ambition. By 1968 he had put together a 22,000-acre farming enterprise, and a few people knew who he was, but not many. Then he hooked up with "Arnie" Smith and his brother Jack and together they fashioned Jasmin Groves.

Court records filed in connection with the FDIC judicial foreclosure suits show that Roberts and Smith and their associates formed a dozen "shell" or "dummy" corporations, using the same incorporators. These companies—carrying names like Apollo Farms, Bishop Mortgage and Castle Packing—bought land from Roberts, then sold it to another Roberts-Smith-controlled corporation and that corporation in turn sold it to investors or to "limited partners." In FDIC versus Castle Packing, Roberts Farms, Inc., Hollis Roberts and six limited partners, the records show that a 640-acre section of cotton land was secured by a $610,000 note, and deed of trust. When the FDIC took over the property, one of the first farm chores it faced was the payment of a $275,000 delinquent irrigation water bill against this land, and several other nearby parcels.

All of these lands, within the Wheeler Ridge-Maricopa Water Storage District, are irrigated by water from the California Aqueduct, the multibillion dollar public ditch dug at taxpayers' expense to carry Northern California water into the arid west side of the San Joaquin Valley and beyond into the Los Angeles basin. Water storage district work sheets show that, before the USNB failure, Roberts, as the farm manager, had been paying the water bills on time. But by February 1975, Castle Packing, Knight Farming and others were delinquent on payment for watering 2,000 acres of land.

The same court records show the FDIC is now paying most of the farm operational costs, a $12,000 manager's fee here, a $28,000 fertilizer bill there, and down the road a $76,000 bill for "operating expenses." One bill is for $327,420 for three dozen wind machines. The court-appointed FDIC receiver, who is paid $50 an hour to supervise the use of the assets on the San Diego

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surgeon's 480 acres, explained that the hired farm managers told him the wind machines were essential to protect the crop from frost damage. The judge and the doctor defendant agreed, and the wind machines were purchased. The invested value of the land went from $4,500 an acre up to $5,182. In his countersuit against the FDIC, the doctor contends the land's true value in 1971 was only $2,000 an acre, and citrus experts now put a $2,800 an acre "top" on such lands. The doctor, through his attorneys, argues that Smith made false claims and misrepresented the value of the property when he offered the investment opportunity. The doctor further argued that in his agreement with Smith, he had to pay nothing down and had no obligation to pay on the debt principal until the farm was producing income.

No one is certain how many San Diego surgeons or Jasmin Groves investors have come into agriculture during the past ten or fifteen years, but the obvious result of such tax-shelter farming investments has been an artificial inflation of land values and a serious overproduction of citrus, wine grapes and similar crops. Even the best of the "jumbo" syndications, like Tejon Agricultural Partners, has had problems. One Tejon official acknowledged that the partnership was suffering cost "overruns" because the anticipated $120-a-ton grape market had skidded to $60 and was only now coming back to $90. Tejon had 8,000 acres in grapes.

This Tejon official was still optimistic, saying, "We are not in trouble, but it has been a struggle, and we've had to have additional financing. Now we have the drought, and that will cost something to drill wells, or improve the ones we already have."

Low market prices, inflated land values, overproduction and bad weather are the headaches the FDIC managers, and other tax-shelter investors, complain about. Traditional farmers laugh and ask, "What's new in farming?"

But, privately, these farmers agree it is not really a laughing matter—not for them, not for the consumers and not for the taxpayers who have spent billions of dollars to subsidize major irrigation projects, only to find out their public largess is being used by individuals and corporations bent on trimming their income taxes.

Critics of the FDIC's involuntary turn to farming want the agency to liquidate, immediately. But Evan Stone, one of a dozen private lawyers hired by the FDIC just to work on the USNB failure, explained. "We want to get out, but first we have to go through this judicial foreclosure process to try to sort this mess out."

According to Stone, the FDIC not only has interests in the various farm lands but also in the operations owned and/or controlled by Roberts himself. Speaking in "rough" figures, Stone estimated that Roberts and his corporations owed the USNB $80 million and that only $20 million of the debt was properly secured. Roberts's lawyers dispute the $80 million figure and are jousting with FDIC attorneys on several fronts. There is no doubt Roberts did a lot of his banking at the USNB. At one time he had $12 million in outstanding operating loans there, secured by his Jasmin trust deeds. One of his attorneys said this debt has been paid dow[illegible] lion or so," and he and other lawyers for th[illegible] scoffed at the idea that their client was be[illegible] out of business by the USNB failure.

All of this—the collapse of the $2 billion Smith house of cards, the fights between Roberts and the various tax-shelter investors, the FDIC's involvement in 30,000 acres—might be just another interesting history if it were not for the disturbing consequences. Putting aside the fraud and manipulated land values for a moment, consider the fact that tax-shelter investments, by design, develop tens of thousands of acres of *unneeded* farm production, production that uses water, petrochemicals, electric energy and capital resources. The effect? Each year, in navel oranges, for example, a federal market order requires that one-third of the crop be shunted into by-products or left to rot on the ground, so that prices will not be deflated by oversupply. In short, our national resources are being wasted so that a San Diego surgeon or an oil company or a multinational conglomorate can whittle away at income taxes. The most obvious consequences of *this* fact is a shift of the tax burden to other, less "sheltered" incomes: mine, and quite probably yours.

Because of the growing controversy over tax-shelter farming and the failure of the 1969 tax reforms to curb its excesses, Congress has once more moved into what it chooses to call tax reform. The 1976 Tax Reform Act is more stringent than its predecessor. It does take "cash accounting" away from corporations and from partnerships that have a corporation as a partner, forcing them to capitalize their investments in farming. According to U.S. Department of Agriculture economists, investment counselors and tax-shelter advisers, a law has finally been written that excludes outside investors seeking only to shelter income while it still protects the traditional farmers' right to use cash accounting methods. The law also limits farm loss tax write-offs to the amount of investment actually "at risk" during the tax year. This would presumably eliminate the "leverage" used by investors who paid little or nothing down and therefore had little or nothing "at risk." Farm syndications can no longer get "fast bang" write-offs by prepaying interest and the first year's cost of operation; and syndication development of groves, orchards and vineyards must now be "capitalized" over long periods rather than "expensed" for quick write-offs against outside earned income.

In the words of one Arthur Anderson, Inc. tax-shelter account adviser, the 1976 Tax Reform Act has taken the incentives out of farm investments and this means "farming is now for farmers."

Maybe so, but Charles Sisson, a U.S. Department of Agriculture economist who has just finished a study of the new law, believes it is still vulnerable to manipulation. Only time, and legal testing, will tell. And, no matter what they do tell, we need to ask and answer some basic questions. What happened to the bank regulators? How was it possible to manufacture $70 million or more in baseless farm values and in the process develop thousands of acres of unneeded farm production that requires the expenditure of our dwindling natural resources? It

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we opened the bank regulatory functions of the ernment to public inspection. How else can we learn why the regulators fail to deter fraud and questionable practices before they occur?

Bankers and bureaucrats may think it bad public relations, but if we had opened up the regulatory practices of the FDIC, the Comptroller and the Federal Reserve Board, and if we had exposed land schemes to public discussion requiring *economic* environmental impact reports from disinterested experts, the FDIC might not be in the farming business today, contributing to overproduction, depressing farm prices, using up water supplies needed by real farmers in a drought year. This is the public's business. We pay the prices in the supermarket, we pay the prices at our local banks and we pay that portion of the federal income tax that is shifted away from "sheltered" incomes. It is time for the reordering of priorities in our tax laws, in our regulation of banking and in the use of our land and our national resources. □

STILL THE BACK OF THE BUS

VIETNAM PARDON, STAGE II

JACK COLHOUN

On March 28, Secretary of Defense Harold Brown announced that President Carter had authorized the review and possible upgrading on an individual basis of approximately 432,000 less than honorable discharges issued during the Vietnamese era (extending, according to the government, from August 4, 1964 to March 28, 1973). The Pentagon phase of the pardon, which is to run until October 2, 1977, also allows deserters to return to military control for a discharge under other than honorable conditions (formerly called an undesirable discharge). The former AWOL then becomes eligible to apply for discharge upgrading, along with the other bad-paper vets. For anti-war deserters and vets with bad discharge papers, the second phase of President Carter's pardon (the first was for draft resisters) not only has a nightmarish quality but also has left us uncertain about its actual benefits.

If the United States had applied the same criteria it employed at the Nuremberg trials of Nazi war criminals after World War II to Harold Brown, a former Air Force Secretary in the Johnson administration who earned the nickname "mad bomber" for his advocacy of the massive bombing of North Vietnam, he would probably have been convicted as a war criminal. Instead, Mr. Carter assigned Brown to make public the outlines of the Pentagon plan in "the spirit of compassion and forgiveness in which the President has sought to bind up the divisions of the Vietnam war." The "bomber" will forgive war resisters and veterans!

In contrast to draft resisters, who received Mr. Carter's blanket pardon, deserters and vets will be dealt with on a case-by-case basis by the very institution whose authority they defied. The fate of each applicant will be determined by a board of senior military officers, operating with no publicly known guidelines.

Furthermore, vets with bad conduct and dishonorable discharges are not even eligible for the program. GIs who took direct action against the war, among them Andy Stapp, Dr. Howard Levy, the Fort Hood Three and Gerry Condon, are not eligible to have their discharges upgraded. Stapp founded the American Servicemen's Union, Levy refused to train Green Beret medics for service in Vietnam, and the Fort Hood Three and Condon refused orders to Vietnam. Only general and undesirable discharges, those given "administratively" without trial, are covered by the Pentagon program. Even deserters are ineligible if they were court-martialed and received bad conduct or dishonorable discharge for the same AWOL behavior that caused other GIs to be administratively discharged. Ineligible also are GIs who deserted from a combat zone and those who went AWOL while on rest and recovery leave from combat in Vietnam. And the Pentagon phase of the President's pardon does not cover civilian anti-war protesters with anti-war "criminal" records, those still in prison, or those yet to be captured.

By now, wide publicity has been given to the fact, admitted even in the Ford Clemency Board's *Report to the President,* that draft resisters are predominantly white and middle class, while deserters and vets with bad-paper discharges are disproportionately from minority communities, and more than half from low-income families. By contrasting Mr. Carter's treatment of resisters with that of deserters and vets, one comes to see that "justice" in the United States is largely determined by one's class and race. And even deserters or vets who can prove the anti-war motivations for their acts are unlikely to get honorable discharges—the only "pardon" that has meaning for such people—from a board composed of the elderly brass.

By having the Secretary of Defense announce the second phase of his pardon program, President Carter has been able to mute political attacks from right-wing militarists. Part of the reason for this, however, is that the Pentagon was able to have its way in certain key technical areas of the program. For two months, the White House and the Defense Department struggled over the technical details of the program, although they agreed on the political basis of the pardon: it would not offer blanket honorable discharges and would require some type of review process. But within this frame, the generals and admirals won arguments over pardon details that may cancel the already limited benefits of the program that

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the White House was proposing.

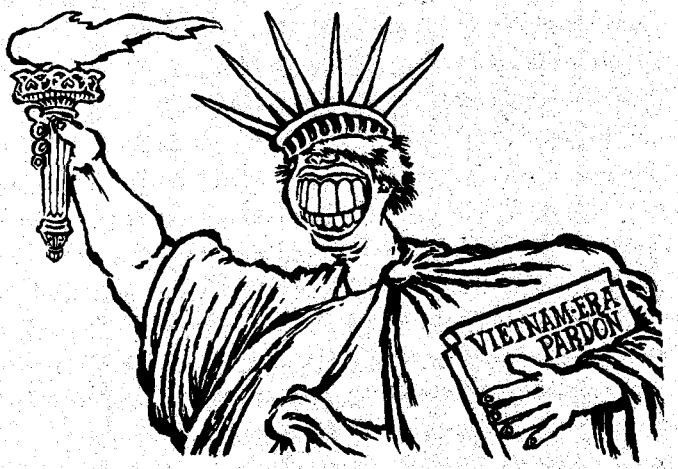
The White House, for example, did not want a case-by-case review of 432,000 bad-paper vets. That would take years and cost a great deal. At present, military discharge review boards hear about 7,000 cases a year. The Ford Clemency Board reviewed about 14,000 cases in six months, but required eighteen board members, a legal staff of 400, an administrative staff of 200 and a budget of $10 million. That board spent per case about $700—and less than five minutes.

Lawrence Baskir and William Strauss, two high-ranking members of the Ford Clemency Board's legal staff, estimate that, on the basis of their experience, it would take about $50 million and an agency the size of the Federal Trade Commission to review 100,000 cases in from twelve to eighteen months. Multiply that by four (more than 400,000 men are thought eligible for the new program) to weigh the job facing the Pentagon. But applicants are told not to worry about such things, and that all of them will be informed of the results of their reviews within six months. In that case, it would seem that no application would be considered for more than a few seconds. Mr. Carter had proposed a category-by-category review for the nearly half-million eligible vets. As of now we cannot know whether the Pentagon's case-by-case victory will make a shambles of the entire process, or whether, in practice, discharges will be reviewed on a class-by-class basis.

Another critical technical defect of the Pentagon plan is that the Defense Department has been purposely vague about what criteria must be satisfied for a bad discharge to be upgraded all the way to honorable. The Pentagon makes it clear that former GIs with model service records before they violated the Uniform Code of Military Justice (UCMJ) will have their discharges upgraded automatically. Although it does not say specifically that such discharges will be upgraded to honorable, it is presumed that at least some of them will. For example, if veterans were wounded in action, were decorated for military service, satisfactorily completed a tour of duty in Southeast Asia, received an honorable discharge from a previous enlistment, had a good record on active duty for two years before such discharge, or completed an alternative service requirement under the Ford clemency program, they will qualify for upgrading.

Other factors to be "considered" for upgrading include: characteristics that made the individual unsuitable for military service, such as low educational levels or IQs; a deprived family background; personal problems that may have contributed to difficulties while in the military; record of good citizenship since discharge; and drug or alcohol problems while in the service. These will be considered but, unlike the "super-soldier" criteria, are not automatically qualifying.

The only criterion that relates to anti-war deserters and GIs is whether "actions which led to the discharge were alleged at the time of discharge to have been motivated by conscience." When pressed for details on the conscience clause, the Pentagon responded that each Discharge Upgrade Board will make its own determinations and that there are no published criteria on anti-war motivations. To complicate matters further for anti-war deserters or vets with bad papers, amnesty movement lawyers who have studied the plan believe that the Defense Department actually meant that one must provide proof of anti-war motivations at the time of desertion or other violation of the UCMJ, rather than "at the time of discharge." One major characteristic of the entire Pentagon plan is that it was hastily and sloppily drafted, and in its initial stages is being very poorly administered. The "date of discharge" section seems to contradict other aspects of the program which refer to the date of violation of the UCMJ.



Margulies

". . . Bring Me Your Privileged, Your White, Your Educated, Your Elite Yearning to Be Free . . ."

In brief, unless one were a super-soldier, a person who acquired a drug or alcohol dependency while in the service, or a person who should never have been in the military in the first place, there are no published criteria upon which the military will base its determination of whether or not your less than honorable discharge is to be upgraded. Also, it is not at all clear under what circumstances undesirable discharges will be upgraded all the way to honorable, rather than only to general. This too, will be left to the Discharge Review Boards to determine.

The question of honorable discharges is really the heart of the matter for veterans with bad papers. As the government acknowledges, surveys show that 60 percent of employers discriminate in their hiring practices against holders of undesirable discharges, and 40 percent against holders of general discharges. Unless vets or newly discharged deserters are granted honorable discharges, they will forever be at a disadvantage in the job market. If the Discharge Review Boards refuse to upgrade the vast majority of bad discharges all the way to honorable, the Pentagon phase of Mr. Carter's pardon will be little more than a symbolic gesture.

On the other hand, even if vets or former deserters do get upgraded only to general discharges, they become eligible for veterans' benefits if they served 181 days of active duty before violating the UCMJ. The significance of this eligibility should be neither under- nor overestimated. If a vet is now living in poverty because of unemployment, the benefits will make a big difference. But they amount to little more than military welfare payments and don't solve the problem of the vet who cannot

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get a good job—or any job. All vets need, and most of them deserve, honorable discharges.

Furthermore, it is far from certain that veterans whose discharges are upgraded under the Pentagon program will ever receive veterans' benefits. According to *Army Times,* the ranking Republican member of the House Veterans' Affairs Committee, John P. Hammerschmidt of Arkansas, as well as Sen. Strom Thurmond (R., S.C.), have introduced legislation that would deny the automatic granting of benefits to people who become eligible under the President's pardon program. The Veterans Administration estimates that the GI Bill education program could grow by as much as $100 million annually during the next few years, as a result of the Pentagon program.

For deserters living underground in the States, the Pentagon plan offers immediate relief from the threat of arrest; for those living in exile, the program is more complicated. The threat of arrest has been lifted from those who want to return to the States to live, but they are in for a quick lesson in the problems of a vet with less than honorable discharges who tries to make a living in a depressed economy. Moreover, deserters who have taken out foreign citizenship while living in exile may face a Catch-22 situation, unless a provision of the 1952 Immigration and Nationality Act is modified. If it is not, they will find themselves barred from entering the United States once they are discharged from the military. Section twenty-two of that Act has been interpreted in recent years to mean that U.S. citizens who have sworn allegiance to a foreign sovereign after having left the United States during a time of war can be excluded from the land of their birth as "undesirable aliens," even though draft or military charges against them have been dropped or otherwise resolved. Although President Carter modified this section of the Act for draft resisters, it has not yet been changed for deserters. If it isn't, the Pentagon plan will have little meaning for deserters with recently acquired foreign citizenship.

Because of the complexity of the Pentagon program and the uncertainty about how it will be administered, it is not possible to pass any final judgment upon it. It is not too soon, however, to form some tentative conclusions, and to draw attention to several key areas where the Department of Defense could undermine its own limited program. First of all, because deserters and veterans come disproportionately from minority and low-income backgrounds, whereas resisters are mainly white, middle class and well educated, the Pentagon plan is wide open to charges of class and race discrimination. Such charges have been made now for months, but Mr. Carter has ignored them. This is especially difficult to accept from a man who a short year ago campaigned as the champion of minorities and the poor, and who found their votes to be crucial in the close 1976 election.

From the published criteria the Pentagon has released, it is evident that the vet who was a super-soldier before violating the UCMJ stands a much better chance than does a deserter or GI who opposed the war in Indochina. If the Discharge Review Boards are allowed to invent their own criteria for handling anti-war cases, there will be no public accountability or uniformity of decisions nationwide. An anti-war applicant has little reason to believe that a panel of senior military officers will be favorably impressed by his moral scruples. This seems to be a significant Pentagon victory over the White House. If so, anti-war deserters will only trade in one kind of punishment, the threat of arrest, for a milder one, a less than honorable discharge.

The case-by-case review of nearly half a million vets seems to be another significant victory of the military over the White House. Can 432,000 cases be investigated expeditiously and fairly by the Department of Defense? Unless the Pentagon is hiding a vast network of Discharge Review Boards, it is impossible to believe that it can act swiftly and fairly on these cases, especially when the program includes a provision which allows a rejected applicant to make an appeal and be represented by counsel at government expense.

But the Pentagon casts an even more ominous shadow over the entire program: its limited effect may be reduced almost to none at all by lack of publicity. As of late April, there has been a virtual blackout on the existence of the Pentagon phase of the pardon in Canada, Sweden and France: countries where the vast majority of exiled deserters live. Information about the program has been meager within the United States as well. *AMEX-Canada,* the magazine and organization of war resisters in Canada, has made many requests that the Pentagon Public Affairs Office, the individual military services, and the White House inform foreign media about the program, but so far with no effect. *AMEX* is highly critical of the program in both its political and technical aspects, but is nevertheless determined that the Defense Department not be allowed to sabotage whatever benefits the program may offer by limiting the number of vets and exiled deserters who find out about it during its duration of a short six months. It is the responsibility of the government, not of the program's critics, to do the work of publicity. Because the White House has wanted to keep its political distance, it has been reluctant to identify itself publicly with this phase of the pardon. Therefore, it relies heavily on a Defense Department, which seems to have decided it must go along with the President—albeit with feet dragging. If the current low level of publicity continues, it is unlikely that anywhere near the majority of potential applicants will become aware of the plan before it expires. Although the Pentagon's Public Affairs Office bristles at the mention of a rumor making the rounds in Washington that it is aiming at only 180,000 of the 432,000 vets eligible, that intention seems all too probable.

The situation remains what it has always been—the only just answer to the amnesty question is a universal and unconditional amnesty which applies the same standards to deserters, veterans with less than honorable discharges, and civilian anti-war protesters that it does to draft resisters. For a President who has become a world-wide advocate of human rights, Mr. Carter has a long way to go in restoring the civil and political rights of those who resisted a war that was itself a crime against humanity. □

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BOOKS & THE ARTS

On One Who Wrote Not Wisely But to Sell

MICHAEL MALONE

Dr. Johnson, who hated having to get out of bed to work on his dictionary, once remarked to the wealthy Boswell, "No man but a blockhead ever wrote, except for money." Nevertheless, I have known so many people who say they have always refused to write for Mammon, it was a real shock, when I decided to give Mammon a chance, not to find the marketplace completely deserted. But, of course, the truth is that there are a lot more scribbling Fausts in Mephistopheles's waiting room than that eternal editor has time to damn.

What's more, prostitution is a skilled profession, as anyone who has postponed writing the greatamericannovel to try to sell a script to *Bionic Woman* already knows. To keep your finger on the pulse, you first have to find it, and the pulse keeps jumping around. Having left no tome unturned in my researches into the possibilities of promiscuous freelancing, I'm happy to report that the word is not dead, nor is it living only in New York City. Here are some guideposts that may be of help in leading novitiates down other primrose paths.

(*I*) Magazines are persnickety and as easily offended as Spanish grandees. Just as one would never submit unsolicited (*a*) handwritten Petrarchan religious sonnets to *Penthouse* (*b*) Borgesian palimpsests to *Reader's Digest* (*c*) anal eroticism to *Good Housekeeping* or (*d*) anything to *The New York Review of Books*, so less august journals have their Newcastles and want only their own coal shipped there.

So keep in mind that *Asbestos* is interested only in asbestos, and could care less about expanded fly ash. *Southern Jeweler* prefers not to hear about Northern jewelers, and *Soybean Digest* doesn't give a bean about limas. *U.S. Fur Rancher* is utterly indifferent to all fur-bearing animals but mink, so a shaggy fox story is a waste of time. *The Lesbian Tide* simply will not consider material written by men (use a pseudonym like Georgina Eliot), nor will *Leatherneck* consider material written about anybody but Marines; Army and Navy stories will promptly get "a Maggie Drawers," and if you don't know what that means, you probably shouldn't be writing for them. Note, *Glass Digest* can't use anything else about bottles, but they want you to know that leaded glass is OK with them.

(*II*) Never judge a magazine by its title. *High Times* publishes articles on drugs; *Shooting Times* publishes articles on muzzle-loading. *Paddle World* is a tennis magazine. (*Spanker's* costs more.) *Beaver* is just what you may be thinking, but *The Beaver* wants historical pieces on Arctic fur trading by the Hudson's Bay Company. *S.S. Action* is in the market for inspirational tips for volunteer Sunday school teachers; please do not send them Nazi nostalgia. The novice should beware of confusing religious periodicals with homosexual ones; there are a great many of both; in fact, the gay and the godly must be among our best-read citizens. Be careful. *The Upper Room* is for churches, but *The Ladder* is for Lesbians. *Gay Sunshine* is for coming out, but *Working for Boys* isn't—they would like a good dog story for a Catholic youngster. *Queen of All Hearts* would like your poems on the Virgin Mary, not on Rimbaud, and *Straight* needs more believable fiction for Christian teen-agers. Also, don't send a Nixoniad, twelve books of blank verse on the fall of the former President, to *Epic*, unless you can work in some discussion of the capabilities of competing peripheral equipment in companies with annual sales between $500,000 and $5 million.

(*III*) There are certain things that editors are sick of. One of them is anybody named "Joe." They are always advising writers that they don't want to hear any more about Joe, about you and Joe on a canoe trip, you and Joe finding arrowheads, or girls, or a new way to strip a Volkswagen; unless you and Joe find the Loch Ness monster, don't bother them. And if Joe unassisted rescues Jacqueline Onassis and a dozen Vietnamese orphans from the top of Mount Everest, despite having lost all his limbs in the Normandy invasion, change his name to George. And here are some other warnings:

Quilter's Newsletter is sick of your grandmother's quilt.

American Legion is sick of bad taste.

Sanitary Maintenance is sick of "how to clean-up" stories.

Medical magazines are sick of cute pieces about patients winning malpractice suits against incompetent, overpriced, inconsiderate, and egotistic doctors. They're also sick of scare words like "Socialist."

Library Journal is sick of stories about how people became rich and famous by using their public library, though I, for one, would be fascinated.

Aquarium is sick of fat, and *G-String Beat* is sick of stories that derogate the profession of burlesque, and *Witchcraft Digest* is sick of Christian propaganda about how to escape from witches.

Solid Wastes Management is sick of pieces that don't include full details for all quantities handled.

Some little poetry magazines are sick of bees, flowers, and famous poets. Only those who constantly get rejection slips should submit material.

Cat and dog magazines are sick of stories told by cats and dogs. *National Insider* is sick of gore, and *Our Lady of the Snows* is sick of intellectualism.

In general, everybody is sick of stories about (*1*) happy Lamaze experiences (*2*) unhappy Lamaze experiences (*3*) the South (*4*) violence (*5*) Cher. Everybody ought to be sick of stories about EST, CIA, TM, TA, CBs, VD, JFK, ERA, FDR, FBI, GNP, Patty, Jackie, Jimmy, and Richard Milhous Nixon.

(*IV*) There are certain things that editors are longing for. So *Intimate Story* can use nothing hopeless; send it to *Ms.* So *Occupational Hazards* can use nothing addressed to the world at large and *Detective Files* can use nothing short of murder. There *are* mice for your mousetraps. For example, inspirational pieces are being sought by *Belch and Fart* and *Chain Saw Age*. *Street Chopper* is looking for jokes. *Knife Digest* can always use fillers for its "Grindings and Findings" section. *The Lunatic Fringe* (which notes that most of its subscribers are in penal or mental institutions, or colleges) would like to see some funny obituaries. (They would *not* like to see any stories from people

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who found their mothers helpful.) *Today's Secretary* could use some fiction; just keep it short and snappy, because they transcribe all the stories into shorthand as skills-exercises for their readers. Also wanted:

By *Milk Hauler*, success stories on cheese transporters.

By *Gleanings in Bee Culture*, success stories on bee gleaners.

By *Hard-Hat Digest*, success stories on off-the-road vehicles.

By *Beyond Reality*, success stories on how-to.

By *The Billings Gazette* of Billings, Mont., success stories on people who left Montana and are, as a result, doing interesting things.

Metal Detector Business could use specific data on where to find unrecovered loot—and so could I. An oil magazine would love to see some stories that contradict common attitudes about oilmen, presenting them, instead, as heroes. There's more. *The Wheat Scoop* wants fertilizer stories told with clarity and precision (Montana tie-in a must. See *The Billings Gazette* above). There's a magazine for adolescent Methodists that needs short stories about finding your identity—they prefer those with unresolved endings. *Coinamatic Age* wants stories with punch, and also pound-load specifications for both washers *and* dryers. *Holiday* wants people who write like Faulkner, Wolfe, Arthur Miller and Thurber. How? Why? ". . . A bear, an idiot, a talking dog; of a bear, an idiot, a dog. Oh nuts, and by your wife grieved, Willy Loman, come back again."

Meanwhile, *The Christian Athlete* says feel free to go ahead and show a man's warts. *National Fisherman* wants you to know they refuse to glamorize the sea.

And *The Rural Electric Missourian* can always use good poetry.

If you try all these and gain nothing for it but the acquaintanceship of your postman, then assume that the muse-struck are indeed not made but born, not meant to make it but scorn it, and say with Charles Lamb, "When my sonnet was rejected, I exclaimed, 'Damn the age; I will write for Antiquity!'" □

The Community of Saints

IN THE PEOPLE'S REPUBLIC: An American's Firsthand View of Living and Working in China. *By Orville Schell. Random House. 271 pp. $8.95.*

JOHN MADISON TAYLOR

No tour of China is thought to be complete until enshrined in a published account of "My Trip." Tourists who make do with postcards in Japan leave China under some mysterious compulsion to write at length. For the most part, their efforts have failed to enlighten. Incomprehension of the inscrutable East remains the enduring rule, despite the mountainous accumulation of trip reports. This is not to question the veracity or intelligence of those who write them, but only to remind the reader—and the tourist, too—of the ultimate vanity of travel. The Chinese, who have always respected this principle, are notable for their willingness to stay home. It is this peculiarity, perhaps, rather than deliberate mystification on their part, that makes them difficult for Americans to understand.

The effort to understand is nevertheless worth making on the chance that the Chinese may have something to teach. Whatever that lesson might be, a tourist like Mr. Schell is better equipped than most to divine and articulate it. Primed with an extensive book knowledge of China and a command of the language as well, he was prepared to take full advantage of an unusual opportunity to work in a factory and on a farm in China. He tells us little about how the adventure came his way and this is a disappointment. It seems that friends of his with connections in Peking were invited by the Chinese to muster a varied group of twenty Americans for a two-month program of work and travel. What prompted the Chinese to play cicerone to this particular assemblage of foreign devils is never explained, nor does the author speculate on how his hosts may have assessed this experiment in international laboring once it was over. If in their view it seemed a long run for a short slide, in Mr. Schell's recollection it was a memorable trip. And because he can write English, which will matter more to readers than the purity of his Peking accent, *In the People's Republic* is a pleasure to read.

Mr. Schell has the good sense to eschew prophecy and finger-wagging prescription. Having no thesis to present and no policy to recommend, he finds no occasion for the portentous pronouncement. He is content to record only what he himself experienced in the factory and on the farm. Because he enjoyed himself, he will doubtless fall under suspicion of having been duped by the wily Chinese. He should pay no attention. There appears to be a sophomoric rivalry among Americans who travel in China. Those who contrive to have a good time find themselves saddled with a reputation for gullibility, whereas those who make heavy weather of it, if only because they are poor travelers to begin with, try to assuage their envy by crediting themselves with superior powers of observation. To hear them tell it, they alone see the real China for what it is, while the Sinophiles, sentimentalists all, are seduced by some Maoist mirage. Resolute skepticism toward all concerned is the untraveled reader's only recourse.

Well aware of the problem, Mr. Schell concedes that:

> A strange transformation seems to occur in many Americans when they get to China. Leftists, in particular, seem to lose their sense of balance. They have a willingness to believe that China works perfectly, a willingness enforced by the apparent weaknesses of their own country. Learning becomes not so much a matter of delving into the world around them, as of obediently recording what is said. And surprisingly enough, the Chinese, the apostles of experience, often seem just as relieved to escape with a recitation of words and ideas.

These misgivings accompanied the author throughout his trip, yet he never felt that the Chinese were trying to put him on. Puzzling over a classroom of suspiciously well-behaved children, he concludes: "I intuitively suspect that no reality exists other than what we have seen. I am convinced that this class, like others I have seen, is virtually as orderly and uncomplicated every other day of the year." Some readers will trust in the author's intuition and some will not. Did Mr. Schell and his group see nothing more than a Sinified Potemkin village? Possibly so, for all the reader knows, but there is nothing in the journal itself to arouse this suspicion.

Mr. Schell's decision to tell his story in the journalistic present tense at first seems a disastrous miscalculation. Indeed, many readers may be put off by the opening pages of the journal in which the breathless immediacy of it all at

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the airport in California is merely tiresome. Though the continued insistence on the present tense soon grows monotonous, before long it seems precisely appropriate. Shortly after arriving in Peking, the author explains that "China is a land of possibility, but not variety. It is a nation where the word 'communism' is *the* possibility. It is the only acceptable message." Weeks later he reflects that "It is as though the Chinese had decided that their revolution will succeed through the sheer force of repetition."

Mr. Schell's hosts never tire of repeating their message, and the consequent monotony of life in China, for locals and tourists alike, is convincingly simulated in the journal. For the Chinese who have heard it all before and know they will hear it time and time again, there is no escape from the present.

The Chinese present is meant to be revolutionary, but is nevertheless conditioned by the past. Perhaps the most important element in this continuity is the traditional gulf between rulers and ruled, which persists despite ostentatious efforts to promote the habits of egalitarianism. Mr. Schell notes

> a subtle, but nonetheless deep and repressive sense of hierarchy . . . The Chinese continually talk about the needs and virtues of criticizing those in command. But there is an axiom that I think one can postulate: whatever the Chinese talk about most is precisely what they have the greatest trouble doing. The Chinese talk about criticizing authority a great deal. In certain ways they have been successful. In other ways, the Chinese strike me as being extremely obedient, almost paralyzed in the face of authority. Perhaps without Chairman Mao's forceful permission, there would never have been a Cultural Revolution.

If Chinese attitudes toward authority seem strange to us, their attitudes toward sex are still more remote. With straight face and apparent composure, officials told the author that in their land of more than 800 million souls, there is no premarital sex and therefore no unwed motherhood, no homosexuality, and virtually no adultery. Mr. Schell argues that these remarkable circumstances have been brought about by a revolutionary ethos that discounts the value of the personal life and exalts public and political engagement. The Chinese have no Western-style advertising, movies or television exhorting them to ever improved sexual performance. In their view, sexual relations belong to the private realm, and in revolutionary China, that which is private and individual is held to be unimportant. Paradoxically, therefore, sex requires no official supervision and remains "one of the few areas in a married person's life over which the revolution seems not to make pronouncements."

What matters most in the lives of ordinary Chinese is work—and it is through work rather than sexual self-assertion that they define themselves. Yet even though work is nearly the whole of life, Mr. Schell reports that the pace in his factory was "amazingly measured, even mellow." Work on the farm seems to have been harder, but breaks were frequent and a two-hour siesta at midday was the rule. If no one shirked, neither did anyone try to outdo himself, for it seems to be agreed between peasants and officials that the terracing of North China is not to be accomplished within a single revolutionary generation.

Though the tempo is humane, it is not lackadaisical, because the workers and peasants of Mr. Schell's acquaintance are imbued with a zeal that seemed to him genuine. "To work and forget oneself" is the first commandment, apparently more compelling than the other nine put together. Although the author

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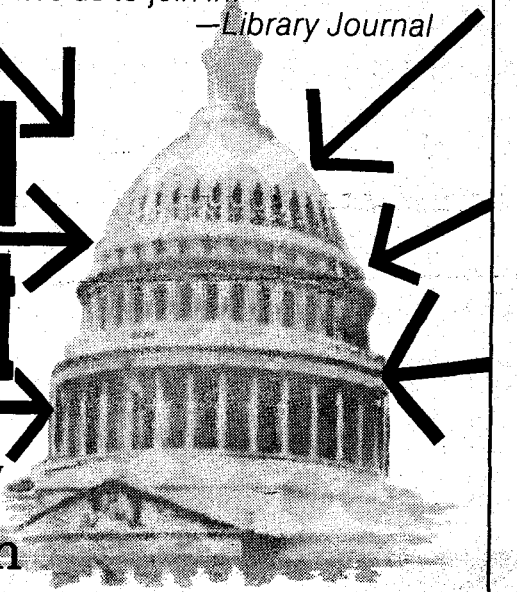

Vested Interest

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Charles B. Lipsen with Stephan Lesher

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never quite says so, he creates the impression that what young, ambitious Chinese have in mind is not so much an egalitarian society in which there is no ruling class as a community of saints whose supreme ideal is selflessness. "They seem to view sacrifice with the same relish that their Western counterparts view self-indulgence." Without exception, the men and women questioned by the author replied that "building socialism" was the central purpose of their lives. How many of their 800 million comrades feel the same devotion to the commonweal must remain a matter of conjecture.

As the weeks wore on, Mr. Schell's efforts to sort out his conflicting impressions of China yielded no conclusive results. "Perhaps this is some new world as yet unfathomable by someone with Occidental experiences such as my own. Perhaps it is a world for which one must cultivate a new sense to perceive clearly." Oh, indeed yes, perhaps, perhaps. Yet if the author remained uncertain of what to make of China, the Chinese must have had their doubts too. For in the interests of peace, brotherhood and bovine joy Mr. Schell and his earnest workmates chose to present their hosts with a bucket of frozen, all-American bull semen. Some fun for a Socialist cow. □

MUSIC / David Hamilton

In the course of ninety minutes, Leon Kirchner's *Lily* gratifies our ears with much handsome, expressive and intrinsically interesting music—quite enough, I am certain, to guarantee that we shall be hearing it again. Some of it we have already heard: both *Music for Orchestra* (1969, a New York Philharmonic commission), and *Lily*, a chamber cantata with tape (recorded on Columbia M 32740, now out of print), were drawn from the opera-in-progress, and stood quite well on their own. As an operatic presentation of Saul Bellow's *Henderson, the Rain King*, Kirchner's libretto can be found wanting in clarity and coherence, but operas have a way of moving out from under the shadow of their literary parentage and eventually eluding such comparisons. *Lily*'s music comes across with directness and power, often supplying the warmth and color that has been necessarily (although not always very smoothly) squeezed out of Bellow's expansive prose by the exigencies of the theatre.

The opera's single act parallels the novel's first ten chapters; into Henderson's encounter with the Arnewi and his disastrous attempt to rid their water supply of a plague of frogs are spliced episodes from his earlier life, and scenes of his wife, Lily, reading his letters from Africa—nothing at all as linear as the novel, and not always clearly focused in its intent, though sure enough in musical effect, for Kirchner knows, say, how to slide into Lily's characteristic cocktail-piano chords from a direction that makes them sound newly minted.

The figure of Henderson loses most from the trimming—his ruminative monologues boiled down to abrupt and elliptical declarations, their context and motivation left behind in the novel—though Ara Berberian's bulky, blustering, generous performance helped to round him out again. (The part is mostly spoken over music; and because singers are used to having the declamation of text—its pace, shading and inflection—specified by the musical line, this presents difficulties, but by the later performances Berberian was learning to modulate his delivery from the excessively aggressive attack of the first night.)

At other points, the New York City Opera's production (directed by Tom O'Horgan, with scenery by Bill Stabile, costumes by Randy Barcelo) failed to realize the implications of the music. To the sinuous flute solo that follows the prelude, Kirchner's libretto asks that "in the foreground soft lights of various hues flash here and there as though produced in slow motion by nocturnal soft-bodied beetles or their luminous larvae. . . ." but we saw biological films, projected on a high, suspended screen. Lantern slides and safari films—again, high above the stage level inhabited by the actors—figured an Africa far less vivid than the one we heard in the vibrations of the orchestra and the tape recorder. There's a real technical challenge here for the media specialists, and it wasn't met in this production. Clichés also governed the handling of the principals and an exuberant troupe of dancers, but perhaps not much more could have been accomplished in the *time* available.

One of the opera's continuing delights is the music Kirchner has devised for the Arnewi ladies, Queen Willatale and Princess Mtalba, to an incomprehensible, invented language: enticing, skittish, admonitory, consolatory by turns, it was delivered to perfection by Joy Blackett and Geanie Faulkner; Miss Faulkner's limpid tones reach a great altitude with

ELEGY FOR THE GIRL WHO DROWNED AT GOATS BLUFF

The sun strikes water like soft stone,
oblique and torn by surface waves.
Below, in the still place of stone,
the slow fish nuzzle through the caves

you seldom know are there at all
and rest among the drowned girl's bones.
Above, the bluff is too brittle
for a date in stone. The long day downs,

and she alone records the passing.
You think you know her now, the scream
that cracked the bluff, the siren song
that wails its way into the dream

you sometimes have. Dark water.
Darker still the night. You wait
for the water to take the sky, for
the floating moon to turn stone white

like the skin of dead fish. You know
she sees you stranger to this place,
her empty eyes wide against the night,
her empty hands, her empty face.

Jim Barnes

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complete facility, and her shaping of phrases marks her as a singer of very special musicality. Lily's tessitura is similarly altitudinous, which presented no problems to Susan Belling except the insoluble one of making words intelligible—and I can't help feeling that the placement of two principal roles in the same Lakmé-ish territory was a miscalculation, even though Lily's glittery flights of coloratura are differentiated from Mtalba's more luscious ones. George Shirley, as Henderson's guide Romilayu, was admirably self-effacing; one regretted that he didn't have more to sing, since what he was given he sang so well, and when silent listened with riveting intensity. Benjamin Matthews's distinctive voice and presence as Prince Itelo rounded out the admirable cast.

As I've suggested, *Lily* has problems. So do most operas. It has intensity, integrity and superb craftsmanship (in matters musical, if not consistently in matters theatrical), and these are rare qualities. It could use some reworking, and perhaps that will be forthcoming for a new production. Most of all, it needs more generous circumstances for performance: more rehearsal, much more thought in the staging; the City Opera provided, at least, fine singers and a willing, if overworked orchestra (the composer conducted). If the right conditions for a superior revival cannot be provided, it will be a sad commentary on the organization and the ordering of priorities in our cultural life.

In two-thirds of the "Trilogy" that Frank Corsaro has assembled and directed for the City Opera, the delights of music are pretty well smothered by the weight of words—which, since the composers involved are Mozart (*The Impresario*) and Stravinsky (*The Soldier's Tale*), constitutes an achievement both remarkable and deplorable. Gottlieb Stephanie's little *jeu d'esprit* about two rival sopranos would not be worth staging without Mozart's music—and that, in turn, though not out of his top drawer, is worth singing well if at all. Here, the music is left to fly at half-mast while the "comedy" is filled out with loving detail. In particular, Patricia Brooks's needle-sharp characterization of the elder soprano wasn't matched by equal mastery of the musical challenge: absolute command of the notes, artfully disguised, would be the proper solution, not a random mangling of Mozart's lines and phrases. Lloyd Evans's Victorian set for the impresario's office has been decked with props from other City Opera productions, the identification of which helps distract one's attention during the duller stretches.

The Soldier's Tale was originally planned by Stravinsky and the Swiss writer C.F. Ramuz as a modest entertainment suitable for touring during the straitened times of World War I—a tale "to be read, played, and danced." In Corsaro's new version, somewhat contradictorily described as "an original conception, after C.R. Ramuz," simplicity is thrown to the winds. This *Soldier's Tale* is a shouted, camped, aggressively topical media show inflation of the original poor-man's *Faust* allegory, during which the witty, unpretentious music (to its everlasting credit) seems out of scale, out of place. The original is no great drama but it's on friendly terms with the music; Corsaro's rewrite, a self-indulgent extravaganza, merely tramples on Stravinsky's genius. My admiration for the versatility and stamina of Barry Bostwick (the Soldier) and John Lankston (the Devil) is consider-

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able; perhaps they will someday grace a performance of *The* (real) *Soldier's Tale.*

In the middle of the evening, this "Trilogy" provided for Maralin Niska the succulent opportunity of Francis Poulenc's *La Voix Humaine,* a musical setting of Cocteau's celebrated monodrama about a woman's final telephonic encounter with her lover. This is craftily made, and was so skillfully done that one felt badly about an uneasy, persistent doubt. When Miss Niska took a series of Carole Lombardish bows at the end, that doubt took definite form: this lady wasn't at all the sort to get involved in a mess like that—she would have sent the brute off with some sizzling wisecracks and a few well-chosen epithets. Compounding the inherent instability was Corsaro's gratuitous addition of a *coup de grâce*: in this version, the woman committed suicide at the end, contrary to any indication in the libretto or the music—or in the character that Miss Niska had, wittingly or not, been projecting. On the evidence of this evening, Corsaro doesn't have much understanding of the role of music in musical theatre. He puts up with it, but hardly ever trusts it—or even believes what it tells him; the result is, more often than not, opera for people who, like himself, don't like opera. □

THEATRE / Harold Clurman

The musicals keep marching on. Judging from its reception on opening night, *Annie* may prove the most popular. Produced by Mike Nichols with a book by Thomas Meehan, music by Charles Strouse, lyrics by Martin Charnin, *Annie* has all the ingredients of a smash hit (Alvin Theatre).

The show is based on the famous cartoon "Little Orphan Annie." It offers a bevy of super-bright kids (all girls), a dab of social jocularity relating to the Hoovervilles of the 1930s, as well as to the remedial measures of FDR and his Cabinet, an educated dog, and some cleverly devised settings by David Mitchell, pleasant performances by several of the adults and a tone of sentimental optimism withal. Even as a joke, the note of "happy days can be here again" is a relief after so many plays about all manner of distress. In other words, *Annie* is quite a package.

Andrea McArdle, aged 13, as Annie, red-headed and robust, is already a capable professional; Danielle Brisebois, aged 7, is a skinny, gap-toothed sprite of delightful agility, while Janine Ruane's plumpish good nature and smile give promise of many joyful days to come. Dorothy Loudon is very funny as the horrendously wicked Miss Hannigan who rules the orphanage with dirty looks and ready strap. Reid Shelton is nice and sings agreeably as Oliver Warbucks, the kind-hearted billionaire. Raymond Thorne imitates FDR amusingly.

A critical appraisal of such an entertainment is superfluous. Even to say that its first act is better than the second is hardly necessary. You allow it to divert you or you don't. Most audiences will eat it up. It is corn for the millions.

The Basic Training of Pavlo Hummel, originally produced at Joseph Papp's Public Theatre in 1971, is the first of David Rabe's angrily talented plays. I liked *Sticks and Bones* even better, and *Streamers* the best. The three constitute a kind of triptych; though they do not all have the same theme, there is, along with the ferocity, a vein of moral hurt and compassion in all of them.

Pavlo Hummel is not an anti-war play in the conventional sense, nor for that matter are the others. It shows an ignorant, unhappy, guileless youth with no harm or malice in him slowly becoming degraded and brutalized by the "basic training" of an environment—in this case the Army—even before he serves in Vietnam. Environment might have had some of the same ugly consequences if he had remained at home with such a family as the one depicted in *Sticks and Bones.*

For those who have not seen the play, it is worth seeing now. For those who did see the earlier production, the chief interest in the revival by the Theatre Company of Boston will be the presence in the cast of Al Pacino as Pavlo (Longacre Theatre). It is not news that Pacino is an excellent actor of strongly arresting personality. A store of hot feeling burns within him, stemming from experiences urging him to their half-articulate expression. The personal stress and its only partially understood source most often makes for a feral anger that is all the more frightening because of its semi-suppression. The effect is strikingly theatrical. But there is a limitation in this, for while anger is what existence today most frequently provokes, it prevents the development of more fruitful emotions. Pacino senses this and has tried in private study and in the choice of certain atypical roles to broaden his scope. Up to a point, Pavlo provides him with an opportunity to do so.

Pavlo is an innocent, so much so that his fellow trainees regard him as a freak. As such, Pacino is both amusing and touching. He plays the role with exemplary ease; his street speech is unemphatically enunciated; there is complete naturalness of tone. But the change in Pavlo from the gutter Parsifal of the first act (we hear that he was a virgin at the time of his Army enlistment) to the later soiled and nasty Pavlo is not sufficiently marked. Thus there is a slight monotony in the performance, so that the final scenes, which should be even more bruising than the preceding ones, fall a little flat.

Some of the searing pain and power the play demands eludes the Boston company's production. There are a number of physical awkwardnesses in the staging. But Joe Fields, who played the role of First Sergeant Tower at the Public Theatre, is still as magnificently comic and crushing as ever. His acting of the part is a symbolic study in the terror and absurdity of professional mil-

AFTERWARD

If you'd stayed we would have grown close as Hebrew letters.
Those thick black lines, the faces our great-grandparents
pressed together in the blue mornings of Russia.

We could have spilled the nights
like red wine, or slept
thrown open like a suitcase.

But your words grew thin. Lies came quick as water spiders
and so many, that when my eyes are full of sleeplessness
and empty vases
there are some I still believe.

Rochelle Siegel

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itary discipline. And Larry Bryggman as the meanest of Pavlo's mates is especially convincing.

Bertolt Brecht, author of the lyrics for *Happy End*, and Kurt Weill as composer of the music, plagiarized or made a pastiche of the Brecht-Weill *The Threepenny Opera* (Martin Beck Theatre).

Their plagiarism is on the whole gratifying. The original German play, a failure when first produced in the Berlin of 1929 is credited to "Dorothy Lane." But no such person existed; Dorothy Lane was Elizabeth Hauptmann, the woman long associated with Brecht, who suggested that he write a musical play based on John Gay's *The Beggar's Opera*. In the present production of *Happy End* the book and lyrics have been well adapted by Michael Feingold.

The play's "story" resembles that of *Guys and Dolls*. A Salvation Army lass undertakes to reform a gang of criminals in a mythical 1915 Chicago. The girl, Hallelujah Lil a name typical of Brecht in his "American" mode, becomes enamored of the toughest member of the gang, Bill Cracker; he in turn falls for her. But along with the burlesque wickedness by which Brecht and Weill aped the lurid glamour of Berlin in the late 1920s, there is also a touch of their social "propaganda": salvation is possible for the poor by supporting their need with good intentions—along with some of the steely realism gangsters possess. All this is, of course, tongue-in-cheek and tartly carefree entertainment.

There is deliberate as well as accidental crudity in the piece as here produced, yet its sly spirit is infectious. One does not hear all the lyrics distinctly enough, in part because the cast has not learned that for Brecht-Weill emphasis should be placed on *speaking* the words of the songs rather than on singing—very much as Walter Huston did for Weill's *September Song* in Maxwell Anderson's *Knickerbocker Holiday*. Nobody ever rendered it better than Huston who had no "voice" and barely tried to sing. Yet the songs in *Happy End* with their (German) jazz inspiration still evoke a mood of the peculiar gaiety, a combination of venom and friendly mockery, that are the earmarks of the era of which Brecht and Weill were the *minnesingers*.

After numerous mishaps, Robert Kalfin has whipped this odd frolic into shape. Robert U. Taylor's settings have the right look of sleazy cheerfulness, Meryl Streep is a most fetching Lil, Grayson Hall is "Fly," the malefic leader of the reformable gang, Prudence Holmes is a shrilly virtuous member of the Army, as Alexandra Borrie is a gently comely and mellifluous one. Among the men, Joe Grifasi is a vulnerable Salvationist given to multiple swoons, and Bob Gunton as Bill Cracker, substituting at the last moment for Christopher Lloyd, who was hurt at a preview performance, has a good voice and does his job creditably.

Happy End is disarming. □

TELEVISION

PETER SOURIAN

I recently interviewed Dr. Walter Eytan, chairman of the Israel Broadcasting Authority. He is a cultivated man who had been professor of Medieval German at Oxford, then the first director general of Israel's Foreign Ministry, then Ambassador to France.

Most of us here are to a greater or lesser degree unhappy with TV advertising, yet Eytan would welcome commercials in his country, and feels they will inevitably come. Concerning this and other matters, Eytan's description of Israeli broadcasting affords a perspective on our own.

There are basically three systems in the world today, he says: the American or capitalist way, in which profits are determinant; the Soviet way at the other extreme, in which the government controls all; and the third, somewhere in between, which includes the BBC, the French ORTF, and the Israel Broadcasting Authority. The IBA is not run for profit, but if there were any, it would go to the government. It is largely financed by an annual license fee levied on receivers, and the IBA's service is thus a kind of pay-TV.

The overseas radio broadcasting, in a dozen languages, must be financed by the government. The heaviest emphasis is placed on Russian, especially for Jews in the USSR; that service concentrates on news and cultural matters. There is also both radio and TV in Arabic, primarily for Israel's Arabs, though Jordanians and others are within range. Eytan believes they listen and that the broadcasts have a positive effect, from his nation's point of view. Though there is no postal service at all between Israel and the Arab coun-

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"TOUCHED THREE TIMES . . ."

Touched three times
on the back
on the bare skin
I am taking
everything as a sign

but every night
you are (how the morning
must take you) giving away love
looking at me again:
one motion
running darker than two eyes

and I am still taking
everything as a sign.

This one is so simple
and I can't scare it away.

Deborah Tall

tries (and no direct-dialing), he hears indirectly, for example, that there are Kuwaitis who consider Israeli news reliable, presented in relaxed unaggressive form.

I asked Eytan to compare Israel's TV with Jordan's. "In order to be part of the culture," he says, "TV must really be a national service, which means maintaining domestic production for at least 50 percent of overall programming. If you fill the channel with American films and so on, you are merely a conduit. So the specific difference is that, while Jordanian TV is not really Jordanian, Israeli TV is really Israeli. Apart from primitive news programs, the Jordanians have nothing of their own. This is not as bad for them as it would be for us, however, since Egypt does have plenty of TV production."

There is only one TV channel in Israel. In the mornings it runs educational services for the schools; these are financed, like the overseas radio, by the state, but the government has no hand in the programs, and interrupts them only for unusually urgent news, such as the account of the Entebbe raid.

At 5:30 there is an hour of children's shows, often animated cartoons which are always in Hebrew. The span from 6:30 to 8 is devoted entirely to Arabic programming: general programs of interest to housewives, farmers, occasionally some drama, with Hebrew subtitles, and Arab news. Programs from eight until midnight are largely for the Hebrew-speaking viewer.

Sports are very popular, especially soccer and basketball, with English soccer matches especially prized for the high level of play. Great effort is made to cover international sport, such as the most recent Olympic games, which were covered by fifteen people—a heavy outlay by Israel standards. The Israelis don't want their sports at second hand, even on TV. Rather than have the games canned, about half the male population stayed up until 3 A.M. when, in the case of one event, the time difference so dictated.

Foreign productions are mainly BBC, with some French shows, especially French movies. American detective series are popular: *Kojak, Hawaii Five-O,* and above all *Columbo.* "These crime shows," says Eytan, "seem to be the basis of universal culture in our day. *Ironside* is seen in sixty-nine different countries. More millions than ever before in history have a common experience—*Ironside*, of all things.

The reasons for not carrying commercials on Israeli TV, Eytan feels, are unsound. Sooner or later, according to him, given inflationary tendencies, licensing fees will not possibly meet needs, since there is a limit beyond which they cannot be raised. The poorer viewer would have to bear a disproportionate load; too much public revenue would create problems of control. The IBA is tremendously jealous of its independence, so a direct government grant would be bad. Everyone in Israel seems to agree on that point.

In this connection I asked Eytan about censorship. He says there is absolutely none, apart from necessary instances of military censorship. Eytan feels the IBA is in a healthy state as long as it manages from time to time to infuriate people in various camps. The IBA has no editorial policy and no "columnists," but it does carry discussion programs and opinion forums.

I returned to the question of commercial advertising. Eytan maintains that its introduction in Israel would not be harmful. Generally, he says, when we think of it negatively we have in mind the American result. But European commercials are aired in a more civilized way; in France only four minutes are permitted in every hour and they may not interrupt the show itself. (Eytan urged me to "travel to Israel and see *Kojak* uninterrupted.")

A second argument against advertising is that it tends to develop a consumer-oriented society. Eytan says that would not apply in Israel, where the government is concerned to limit consumption as a protection against inflation. Thus, most goods advertised would not be luxury goods but rather toothpaste competing against toothpaste, detergent against detergent, items which people will buy anyway.

"There is nothing to stop us from regulating commercials. In France, for example, until the past year or so you were not permitted to advertise automobiles on TV for reasons having to do with the general economy. To regulate cigarette advertising, say, would not otherwise affect freedom of expression on TV."

Elaborating on the need for the production funds that might be generated from commercials, Eytan noted the problem posed by a small population, when license fees are the sole revenue. France, with a population of 60 million and roughly the same license fees, generates much more revenue than does Israel, with a population of only 3,500,000.

The entire IBA annual budget—excluding only the morning educational programs financed by the state—is $30 million. The IBA can spend $12,000 for one of its infrequent sixty-minute dramatic shows; the BBC may budget $80,000 for the same sort of show. The cost of an American show would go right through the Israeli roof—the star of *Columbo* is paid more than $200,000 to do just one segment. □

ART

LAWRENCE ALLOWAY

The loan exhibition of "Russian and Soviet Painting" is reportedly the largest that the Soviet Union has ever let out of its hands. It is at the Metropolitan Museum of Art until June 26, after which it will be seen in the Fine Arts Museums of San Francisco. There is a fine array of icons and a selection of dull Westernized 18th-century paintings. There is no more than a perfunctory sample of moderns, such as Kandinsky and Malevich, Goncharova and Larionov. It is Russian realism, from the 1860s on, that is emphasized and it is fascinating to see these paintings, missing from the standard histories of 19th-century art and from studies of realism. It is a style of galloping pathos (prisoners of all ages looking out at the *free* birds), patriotic border incidents (mounted Scythians versus Slavs), and hallucinatory images (a pyramid of skulls in an anti-war picture).

Nineteenth-century realism has distinct continuities with Socialist Realism. Both use a style of documentary genre to visualize moments of history: it is realism with a commemorative purpose,

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related to national destiny. In recent works the mode can be seen in "Greetings, Earth" (1961), a returned astronaut straddling a ploughed field across which his orange parachute is draped, and "First Rendezvous, 'Soyuz' and 'Apollo'" (1976), in which a group of astronauts is supposed to look heroic but comes out nondescript. The similarity of 19th- and 20th-century realism in the pursuit of historical moments is convincingly demonstrated in the show, but the choice of modern works is weak in the classic period of Socialist Realism, the 1920s and '30s. Only four examples are included: "Lenin on the Wire"; "The Defence of Petrograd"; "Higher, Ever Higher," and "Lenin in the Smolyni Institute." The first and last are sober pieces of leader iconography, the second is a well-designed image of militancy, and the third a New Dealish celebration of power lines and agriculture.

In the catalogue "The Defence of Petrograd" is dated 1966, but it has been reproduced in books on Soviet art for years. The picture is described as "an artist's replica of the painting of the same name, dated 1928." One of the Lenin pictures is also a replica, but this time by the artist after his own original. The indifference to the hand of the artist and the nuances of personal touch is interesting. The ancient Romans were equally content with replicas of canonical works: certain statues were acknowledged as classics and as such above individual variation. In the case of Soviet paintings the criterion seems to be the preservation of legible images of historic moments. Why change such images once minted as long as the prevailing view of history is unrevised?

The Degas exhibition at the Metropolitan Museum (until September 4) rests on the opposite view. It includes more than 100 pieces, all belonging to the museum: the show is bitty, but everything is autographic (except maybe for the posthumously cast sculptures). Our appreciation of personal touch is sufficient to authenticate casual, fragmentary and unfinished works as long as they are *from the hand* of respected artists. The Soviet requirement is not individual sensibility but memorable imagery: once this has been set it can be learned and repeated apart from its singular embodiment in a painting. Perhaps for this reason the exhibition as a whole shows paintings with a harsh facture, very different from the sensuous properties of Western European and American painting. The catalogue *Russian and Soviet Painting* (Rizzoli $7.95, hard-bound $25) is a useful introduction to an unfamiliar subject. For a great deal more information however see Elizabeth Valkenier's *Russian Realist Art: The State and Society* (Ardis/Ann Arbor $7.50).

"The Butcher, the Baker, the Candlestick Maker: Images of Labor" (Pratt Graphics Center, 831 Broadway, until May 18) is a collection of prints on an interesting iconographical theme. It begins with works like Rembrandt's "Rat Killer" which, on one hand, continue medieval representations of the occupations in a seasonal form and, on the other, lead toward Ben Shahn's "Riveter" or Harry Sternberg's "Builders." Another kind of imagery, like the illustrations to Diderot's *Encyclopedia*, deals diagramatically with new machinery and the sequence of operations necessary to run them. These themes are present in the show, though dealt with casually. Better represented is the 19th- and 20th-century expansion of genre scenes to include working-class subjects. "The Iron Workers'

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Noon-time," Thomas Anshutz's painting of 1884, is a good example, present here in the form of a wood engraving by F. Juengling. The artists of the Ash-can School, former newspaper illustrators, also show the development of an egalitarian genre, without the condescension that, as Patricia Hills pointed out in *The Painter's America* (Whitney Museum of American Art, 1974), characterized much apparently democratic genre painting.

The shift from description and celebration to protest is well indicated in the exhibition. Winslow Homer's "The Morning Bell" (1873), for instance, as Alden Whitman points out in one of the useful captions to the exhibition, contrasts nature and factory, the workers leaving one realm to enter the other. Images of the poverty of workers and their exploitation are often visualized in a form of expressionist caricature. Workers brutalized by the production line remain unchanged in revolt: they are still identical, small-headed, big-bodied ants. John Sloan's coal miner on the cover of *The Masses*, June 1914, which illustrates an article by Max Eastman, "Class War in Colorado?" is typical: the worker is as brutish in protest as he was in submission. Pro-labor artists of the early 20th century seemed to accept the fact that it is by their muscles that workers shall be known. The iconography of revolution is not free of the ideology of oppression. □

FILMS

ROBERT HATCH

Two days after I went to Frank Beyer's *Jacob the Liar*, *The New York Times* carried a front-page story on yet another batch of Nixon's White House tapes, released in response to advance reports that, in his interview with David Frost, the recluse of San Clemente would again attempt to "stonewall"—i.e., lay the blame on others. I don't mean in any way to equate the Hitlerian massacre of the Jews with the former President's squirming in the toils of a democracy he sought to subvert; however both events aroused in me a sense of dismay at being so forcefully reminded of deeds that were hellish on the one hand and sordid on the other.

Which only emphasizes the need for such reminders. Whatever the sins of the professional revisionists, the real corrupter of history is the impermanence of our common memory. We may not forget that these things happened but we no longer recall how they felt. Details lose their color, and the evil times are generalized into a kind of accommodated sore over which new skin has grown. Fortunately for our decency, memory is more sleeping than extinguished. It needs only a sentence or two of Nixon's incomparably vulgar habit of speech to bring that crisis of our national health tumbling back into life. And *Jacob the Liar*, an unemphatic, even gentle picture, proves how close to the surface of one's mind the years of Auschwitz still remain. But we do need the discipline of being reminded.

This film—from East Germany, but so far as I could detect quite free of ideological slant—is based on a novel by Jurek Becker. He does the job of reminding in the most effective way possible, I think, by focusing not on the deaths these Polish Jews are soon to endure but on the life that remains to them. Oddly enough, given the grotesquely different circumstances, *Jacob the Liar* reminded me of Pagnol's "Marius" series of forty years ago, about small-town, petit-bourgeois French life. Becker and Beyer treat their people with wry affection; the story is tender, frequently droll, deliberately moving. It risks sentimentality on the assumption, well-placed for the most part, that the actors will evoke people of sufficient individuality to carry it off. There are no heroes in the picture; or at least no one is heroic, though spontaneous acts of courage are implicit in their ability to survive from day to day. But also there are no villains, though the situation is unspeakably villainous. The Germans we see are brutal, but not inhuman. And that may be the shrewdest thrust of *Jacob the Liar*; we are not concerned here with beasts let loose on their prey; this is what *men* did to men.

Of course, beneath the narrative flow of the film—beneath the bantering and bickering of two old friends, Jacob, a former café owner (Vlastimil Brodsky), and Kowalski, a former barber (Erwin Geschonneck); beneath a love affair and the daily grind of work at the railroad yards, runs the ground tone of horror. But one hears it only intermittently in the enjoyment of watching alert and earthy people outwitting nemesis—so they think. In the end, one pays in sorrow for that enjoyment. I can imagine objections to the picture; it might be found not sufficiently harrowing, lacking in terror and pain. I would not agree. When the day does come that Jacob's lies are exposed, and hope is extinguished, those men, women and children in the cattle car are not just victims of an obscene ritual but people whose idiosyncracies, powers of endurance and limits of strength we have come to know and cherish. *Jacob the Liar* is about some remarkably human but otherwise quite unremarkable small-town folk. We are caught up in their lives for a few days and then see them off to their filthy deaths. Here we all still are, decades later, and we cannot constantly recite the black chronicle of the final solution. Perhaps it will be enough if we remember someone like Jacob, an anything but impressive man, whose lies for a time made all the difference. □

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Crossword Puzzle No. 1679

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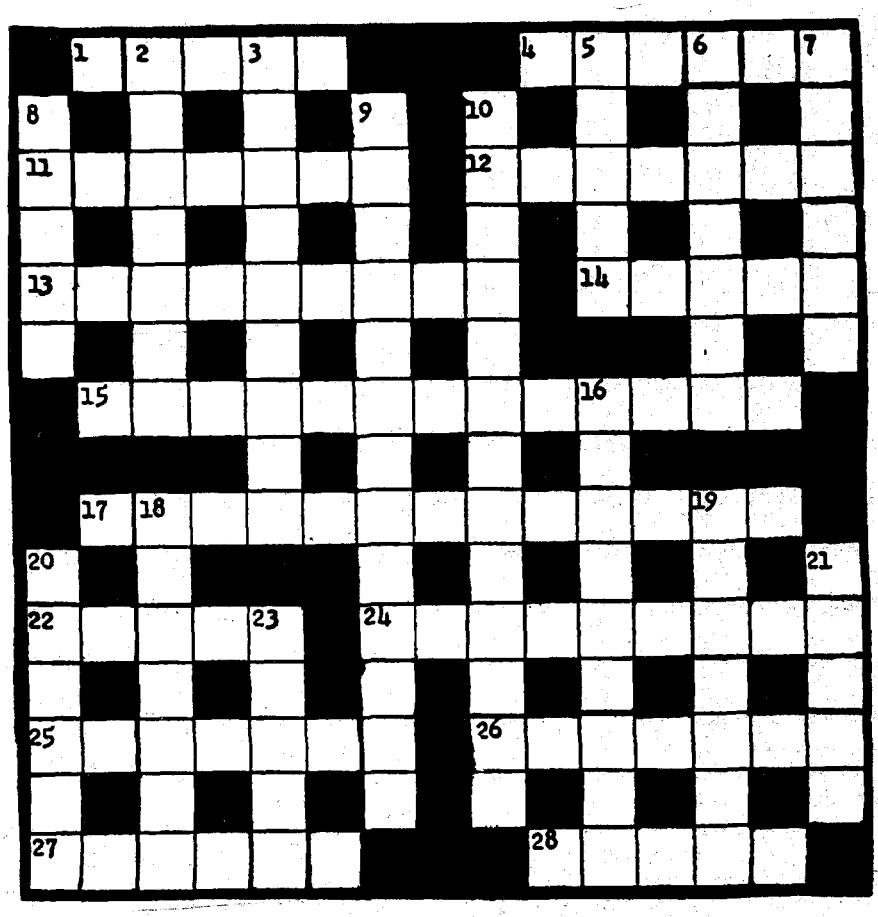

ACROSS

1 Point long associated with the back. (5)
4 Irritated because the second and seventh letters are removed from the beginning of the alphabet, possibly. (6)
11 With the city, in short, not in favor of wine? (7)
12 and 14 The meaning of wit. (You see the point in having one?) (5,2,5)
13 Perhaps a short course, or just the beverage. (9)
14 See 12 across
15 Not a position that develops ulcers, though you might know how to put your finger on it in an emergency. (8,5)
17 Not what the victors barely make across the field, though teams like to enjoy one frequently. (7,6)
22 Take least trouble? (5)
24 Is the tablet alkaline, in part, which might keep the dinner party going? (5,4)
25 Ray might be such a type to behave in less than a hundred, finally. (7)
26 Rosie during the war time? (And overseas in the main stream of it.) (7)
27 and 28 A grand place for game, possibly, and something intended just for you gets out of the way. (6,5)

DOWN

2 In average circumstances, Fido is bad, but such things aren't kept on your account. (4,3)
3 In certain ideologies, a fall might make you one, in 1984 jargon. (3-6)
5 What better plays, for instance, with the inclusion of a loin and leg. (5)
6 A typical citizen? Men fare worse! (7)
7 Yields with courtesy to something—possibly delays. (6)
8 Not necessarily 20 points made, however. (5)
9 Is an adless paper immediately this? (7,6)
10 By comparison, the caged type shouldn't be included. (2,4,2,1,4)
16 The French bear little people to get us together. (9)
18 Disinclinations to act in it are unusual. (7)
19 Likely to be in sort of dead surroundings, but suited to the occasion. (7)
20 Like something belonging to a Scotsman, these are found mainly in a different continent. (6)
21 Go along the edge of the garment? (5)
23 Faces this way after a number of years, it is ruled. (5)

SOLUTION TO PUZZLE NO. 1678

ACROSS: 1 Cops and robbers; 9 Reeling; 10 Elbowed; 11 Sledge; 12 Affluent; 14 Turkish; 15 False; 17 Satin; 19 Suspire; 21 Writhing; 25 Pillion; 26 Alberta; 27 As pale as a ghost.
DOWN: 1 and 2 Christmas present; 3 and 23 A finger in the pie; 4 Doge; 5 and 24 One of these days; 6 Babel; 7 Raw deal; 8 Edit; 13 Dissonance; 15 Flight bag; 16 Exuberant; 18 Triples; 20 Esparto; 21 Wipe; 22 Haifa.

Readers are invited to send for a free copy of Mr. Lewis's "ground rules." Address Puzzle Department, *The Nation*, 333 Sixth Avenue, New York, N.Y. 10014.

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